

**UNITED STATES
INTERNATIONAL
TRADE COMMISSION**

**U.S. LAWS AND U.S. AND EC TRADE
AGREEMENTS RELATING TO NONMARKET
ECONOMIES**

**Volume 2
Appendixes A and B**

STAFF RESEARCH STUDY

16

Office of General Counsel

USITC Publication 2269

United States International Trade Commission

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Washington, DC 20436

Staff Research Study #16

**U.S. LAWS AND U.S. AND EC TRADE AGREEMENTS
RELATING TO NONMARKET ECONOMIES**

Volume 2

March 1990
USITC Publication 2269

APPENDIX A

TEXT OF TRADE AGREEMENTS BETWEEN THE UNITED STATES AND NMEs

AFGHANISTAN

AFGHANISTAN

Guaranty of Private Investments

*Agreement effected by exchange of notes
Signed at Kabul June 5 and 9, 1957;
Entered into force June 9, 1957.*

*The American Ambassador to the Afghan Deputy Prime Minister
and Minister of Foreign Affairs*

EMBASSY OF THE
UNITED STATES OF AMERICA
Kabul, June 5, 1957.

YOUR HIGHNESS:

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments, relating to guaranties authorized by Section 413 (b) (4) of the Mutual Security Act of 1954, as amended. I also have the honor to confirm the following understandings reached as a result of these conversations:

68 Stat. 847.
22 U.S.C. § 1933 (b)
(4).

1. The Governments of Afghanistan and of the United States of America will, upon the request of either of them, consult respecting projects in Afghanistan proposed by nationals of the United States of America with regard to which guaranties under Section 413 (b) (4) of the Mutual Security Act of 1954, as amended, have been made or are under consideration.

2. The Government of the United States agrees that it will issue no guaranty with regard to any project unless it is approved by the Government of Afghanistan.

3. With respect to such guaranties extending to projects which are approved by the Government of Afghanistan in accordance with the provisions of the aforesaid Section 413 (b) (4), the Government of Afghanistan agrees:

a. That if the Government of the United States of America makes payment in United States dollars to any person under

(2507)

TIAS 3972

any such guaranty, the Government of Afghanistan will recognize the transfer to the United States of America of any right, title or interest of such person in assets, currency, credits, or other property on account of which such payment was made and the subrogation of the United States of America to any claim or cause of action, or right of such person arising in connection therewith.

- b. That afghani amounts acquired by the Government of the United States of America pursuant to such guaranties shall be accorded treatment not less favorable than that accorded to private funds arising from transactions of United States nationals which are comparable to the transactions covered by such guaranties, and that such afghani amounts will be freely available to the Government of the United States of America for administrative expenditures.
- c. That if the Government of the United States of America issues guaranties to cover losses by reason of war with respect to investments in Afghanistan, the Government of Afghanistan agrees that nationals of the United States of America to whom such guaranties have been issued, will be accorded by the Government of Afghanistan treatment no less favorable than that accorded, in like circumstances, to its nationals or nationals of third countries, with reference to any reimbursement, compensation, indemnification, or any other payment, including the distribution of reparations received from enemy countries, that the Government of Afghanistan may make or pay for losses incurred by reason of war; if the Government of the United States of America makes payment in U. S. dollars to any national of the United States of America under a guaranty for losses by reason of war, the Government of Afghanistan will recognize the transfer to the United States of America of any right, privilege, or interest, or any part thereof, that such nationals may be granted or become entitled to as a result of the aforementioned treatment by the Government of Afghanistan.
- d. That any claim against the Government of Afghanistan to which the Government of the United States of America may be subrogated as a result of any payment under such a guaranty, shall be the subject of direct negotiations between the two Governments. If within a reasonable period, they are unable to settle the claim by agreement, it shall be referred for final and binding determination to a sole arbitrator

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selected by mutual agreement. If the Governments are unable, within a period of three months, to agree upon such selection, the arbitrator shall be one who may be designated by the President of the International Court of Justice at the request of either Government. This sub-paragraph d., shall not be applicable to the type of guaranties provided for in sub-paragraph c., immediately above.

Upon receipt of a note from Your Highness indicating that the foregoing provisions are acceptable to the Government of Afghanistan, the Government of the United States of America will consider that this note and your reply thereto constitute an agreement between the two Governments on this subject, the agreement to enter into force on the date of your note in reply.

Accept, Highness, the renewed assurances of my distinguished consideration.

SHELDON T. MILLS

His Royal Highness

LEMAR-E-'ALI MOHAMMED NAIM,
*Deputy Prime Minister and
Minister of Foreign Affairs,
Royal Afghan Government,
Kabul.*

TIAS 3972

Translation

THE MINISTER OF FOREIGN AFFAIRS

19 JOWZA 1336

[June 9, 1957]

EXCELLENCY:

I respectfully acknowledge the receipt of Your Excellency's letter dated June 5. The matter of the guaranties contained in Section 413 (b) (4) of the Mutual Security Act of 1954, referred to in the letter of notification, has been accepted by the Government of Afghanistan.

I avail myself of this opportunity to renew my greatest respects.

MOHAMMED NAIM

Minister of Foreign Affairs

His Excellency

SHELDON T. MILLS,

*Ambassador of the United States of America,
Kabul.*

ALBANIA

Albania

PASSPORTS, NATURALIZATION, MOST-FAVORED-NATION TREATMENT

*Exchange of notes at Tirana June 23 and 25, 1922
Entered into force July 28, 1922*¹

1925 For. Rel. (I) 511

*The American Commissioner to the President of the Council and Minister
of Foreign Affairs*

TIRANA, ALBANIA,
June 23, 1922.

MR. PRIME MINISTER:

During informal conversations which I have had the honor of holding with Your Excellency, in my unofficial capacity as American Commissioner, assurances were offered that the authorities of the Albanian State, under a decree of the Regents, would be instructed by your government to duly recognize, throughout Albanian territory, all passports issued by the American Secretary of State, especially those carried by persons of Albanian origin who have acquired American nationality in conformity with the laws of the United States of America.

It may be found useful for me, on my part, to reiterate at this time points of view which I have already explained to Your Excellency concerning the attitude of the Department of State, in the interpretation and application of laws affecting naturalization in the United States, which is, to wit, that a naturalized citizen who returns to his country of origin and there resides continuously for a period of more than two years, shall be considered to have expatriated himself and the law to have ceased any longer to be entitled to the rights of American citizenship, unless (a) such residence in his country

¹ Date of U.S. recognition of Albania.

5 Berans 9

of origin is for the purpose of trading directly and principally with the United States, or (b) to enable him to pursue studies or engage in missionary or other legitimate cultural and philanthropical work, or (c) because a state of poor health prevents his immediate return to the United States. The right of a naturalized citizen to benefit by any of these exceptions must be proven in each case by the submission of satisfactory evidence to the Department of State.

It would be a further source of gratification to me to be able to draw to the attention of my government the fact that similar assurances had been given by the Government of Albania that favored-nation treatment also would be accorded American interests in Albania, coincident with an initiation of formal diplomatic relations between the Government of Albania and that of the United States of America; and that the Albanian Government will include this provision as a treaty clause in any future commercial convention that may be drawn up between Albania and the American Government.

In connection with the above, for the completion of the archives of this Commission, I venture to suggest the propriety of our confirming these understandings by an exchange of written communications.

Please accept, Mr. Prime Minister, the assurances of my highest consideration.

MAXWELL BLAKE
American Commissioner

His Excellency DJAFER UPI,
*President of the Council and
Minister of Foreign Affairs,
Tirana.*

*The President of the Council and Minister of Foreign Affairs to the American
Commissioner*

MINISTÈRE DES AFFAIRES ÉTRANGÈRES
D'ALBANIE

No. 1542

Tirana, le 25 Juin 1922

MR. COMMISSIONER:

In response to your letter of June 23, 1922, I beg to state that the Albanian Government feels the utmost satisfaction to enter into correspondence with the unofficial representative of the United States Government, which more than once has saved Albania from partition and utter destruction, by pleading her cause during most critical periods of her history.

In connection with the two points you bring forth in your letter as needing settlement, before you could take any steps in favor of the official recognition

of the Government of Albania by that of the United States, allow me to communicate to you that:

1. The Albanian Government will recognize the passports given by the authorities of the United States of America, to persons of Albanian origin, who are naturalized Americans, in conformity with the American laws concerning nationalities.

2. In case a commercial treaty is concluded between the Government of the United States of America and that of Albania, the latter promises to insert in the said treaty, the most favored nation clause. Meanwhile, following the official recognition of the Government of Albania by that of the United States, and pending the conclusion of the treaty above mentioned, the American interests in Albania will receive the most favored nation treatment.

Furthermore the Albanian Government is ready to show all kinds of facilities to the installation of the American capital in Albania, as well as to accord concessions to American concerns.

Please accept, Mr. Commissioner, the assurances of my highest consideration.

DJAFER UPI
The President of the Council and [SEAL]
Minister of Foreign Affairs
ad interim

Honourable MAXWELL BLAKE,
American Commissioner,
Tirana

BULGARIA



Textiles Division
**Public
Release**

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

FEBRUARY 20, 1987

**UNITED STATES AND BULGARIA SIGN
NEW BILATERAL AGREEMENT**

The United States and Bulgaria exchanged notes on June 20, 1986, and November 27, 1986 to effect a new bilateral agreement between the two countries. Texts of the notes follow:

UNITED STATES NOTE

Sofia, June 20, 1986

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the People's Republic of Bulgaria and has the honor to refer to the discussions in Washington June 5-6, 1986 between representatives of the Government of the United States and the Government of the People's Republic of Bulgaria concerning exports to the United States of certain wool textile products manufactured in Bulgaria. As a result of these discussions, the Government of the United States proposes the following agreement (hereinafter referred to as the "Agreement") relating to trade in wool textile products between Bulgaria and the United States.

1. The term of the Agreement shall be from May 1, 1986 to April 30, 1989. The first Agreement period shall be from May 1, 1986 to April 30, 1987. The second period shall be from May 1, 1987 to April 30, 1988. The third Agreement period shall be from May 1, 1988 to April 30, 1989.

For more
information
contact:

EB/TEX:ELIZABETH EWING

(202) 647-3000

2. The category of textile products covered by the Agreement and the rate of conversion into square-yard equivalents are set out in Annex A. The determination of whether a textile product is of wool shall be made in accordance with the terms of paragraph 5.

3. During the term of the Agreement, the Government of Bulgaria shall limit annual exports from Bulgaria to the United States of the textile products listed in Annex A to the specific limit set forth in Annex B hereto, as such limit may be adjusted in accordance with paragraph 4. The limit set out in Annex B is without such adjustments. Exports are subject to a limit for the period in which they are exported.

4. (A) In any Agreement period, exports may exceed by a maximum of 11 percent any specific limit set out in Annex B by allocating to such limit for that Agreement period an unused portion of the corresponding limit for the previous Agreement period ("carryover") or a portion of the corresponding limit for the succeeding Agreement period ("carryforward") subject to the following conditions:

(1) Carryover may be utilized as available (subject to sub-paragraph 4 (B)) up to 11 percent of the receiving Agreement period's applicable limit. No carryover shall be available during the first Agreement year.

(2) Carryforward may be utilized up to six percent of the receiving Agreement period's applicable limit. Carryforward used shall be charged against the immediately following Agreement period's corresponding limit. No carryforward shall be available during the last Agreement year.

(B) For purposes of the Agreement, a shortfall occurs when exports of textile products from Bulgaria to the United States during an Agreement period are below the applicable specific limit as set out in Annex B. In the Agreement period following the shortfall, such exports from Bulgaria to the United States may be permitted to exceed the limit applicable to that period, subject to the conditions of sub-paragraph 4 (A), by carryover of an amount not to exceed the actual shortfall in the previous period.

(C) The Government of the United States may apply adjustments under this paragraph to any specific limit whenever that adjustment appears appropriate to facilitate the flow of trade and the sound administration of the Agreement. Any unused ~~carryforward will be credited to the following period's limit.~~ This procedure will not prejudice the outcome of any consultations that may be held between the Governments of Bulgaria and the United States concerning the amounts of available carryover and carryforward.

5. Textile products listed in Annex A hereto (being products which derive their chief characteristics from their textile components) of wool or blend of wool, cotton and/or man-made fiber materials, in which the wool component comprises the chief value of the fibers or 17 percent or more by weight of all fibers, are subject to the Agreement.

6. (A) The Government of the United States may assist the Government of Bulgaria in implementing the limitation provisions of the Agreement by controlling its imports of the textile products covered by the Agreement.

(B) Exports from Bulgaria in excess of the authorized limit in any Agreement period may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding Agreement period.

(C) Exports from Bulgaria in excess of the authorized limit in any Agreement period will, if allowed entry into the United States during that Agreement period, be charged to the applicable limit in the succeeding agreement period.

7. The Government of the United States shall promptly supply the Government of Bulgaria with monthly data on imports of textile products subject to this Agreement; and the Government of Bulgaria shall promptly supply the Government of the United States with quarterly data on exports of such products to the United States. Each Government agrees to supply promptly any other pertinent, readily available statistical data requested by the other Government.

8. The Government of the United States and the Government of Bulgaria agree to consult on any question arising in the implementation of this Agreement.

9. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

10. The Government of Bulgaria shall use its best efforts to space exports from Bulgaria to the United States of the textile products covered by this Agreement evenly throughout each Agreement period, taking into account normal seasonal factors.

11. The Government of Bulgaria and the Government of the United States shall cooperate to avoid circumvention of this Agreement.

12. The Government of the United States and the Government of Bulgaria may at any time propose revisions in the terms of this Agreement. Each Government agrees to consult promptly with the other about such proposals with a view to making such revisions to this Agreement or taking such other appropriate action as may be mutually agreed upon.

13. Either Government may terminate the Agreement effective at the end of any Agreement period by written notice to the other Government to be given at least ninety days prior to the end of such Agreement period.

14. If the foregoing proposal is acceptable to the Government of the People's Republic of Bulgaria, this note and a note of acceptance on behalf of the Government of Bulgaria shall constitute an Agreement between the Government of the United States and the Government of the People's Republic of Bulgaria effective from May 1, 1966.

The Government of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the People's Republic of Bulgaria the assurances of its highest consideration.

ANNEX A

CATEGORY	DESCRIPTION	CONVERSION FACTOR	UNIT OF MEASURE
435	Wool coats for women, girls and infants	54.00	Dozens

.....

ANNEX B

CATEGORY	DESCRIPTION	UNIT	5/1/86-4/30/87	5/1/87-4/30/88	5/1/88-4/30/89
435	Wool coats for women, girls and infants.	DOZ	11,500	11,615	11,731

BULGARIA NOTE

February 27, 1986

The Ministry of Foreign Affairs of the People's Republic of Bulgaria presents its compliments to the Embassy of the United States of America in Sofia and has the honor to confirm receipt of its note no. 142 of June 30, 1986, the text of which reads as follows:

[The Bulgarian translation of note no. 142 agrees in all substantive respects with the original English text, with the following exceptions:

- a. On Page 4, in paragraph 11 of the English text, the sentence "The Government of Bulgaria and the Government of the United States shall cooperate to avoid circumvention of this Agreement" is rendered as "The Government of Bulgaria and the Government of the United States shall cooperate to prevent misunderstandings in regard to this Agreement."

- b In Annex A and Annex B, the heading "Wool coats for women, girls, and infants" is rendered as "Wool coats for women, girls, and children."

In reply, the Ministry of Foreign Affairs of the People's Republic of Bulgaria has the honor to state that the Government of the People's Republic of Bulgaria accepts the proposal of the Government of the United States of America and concurs that the Embassy note and this reply thereto shall constitute an Agreement between the Government of the People's Republic of Bulgaria and the United States of America.

The Ministry of Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States of America in Sofia its assurances of its highest consideration.

Sofia

November 27, 1986

[Seal of the Ministry of
Foreign Affairs of the
People's Republic of Bulgaria]

CZECHOSLOVAKIA

CZECHOSLOVAK SOCIALIST REPUBLIC

Trade in Textiles: Consultations on Market Disruption

*Agreement effected by exchange of notes
Dated at Prague March 22 and 28, 1977;
Entered into force March 28, 1977.*

The Czech Federal Ministry of Foreign Affairs to the American Embassy

FEDERÁLNÍ
MINISTERSTVO ZAHRANIČNÍCH

Či.: 88.055/77-8

Federální ministerstvo zahraničních věcí projevuje úctu velvyslancetví Spojených států amerických a s odvoláním na jednání, jež se v této věci uskutečnila mezi oběma stranami má čest sdělit, že vláda Československé socialistické republiky souhlasí s tím, aby vzájemný obchod s textilem mezi Československou socialistickou republikou a Spojenými státy americkými se uskutečňoval na základě následujícího Ujednání:

1/ Platnost Dohody o obchodu s bavlněnými textiliemi mezi Československou socialistickou republikou a Spojenými státy americkými, podepsané dne 29. srpna 1969 v doplněném znění, bude ukončena vstupem v platnost tohoto Ujednání.

2/ Československá socialistická republika a Spojené státy americké budou pokračovat ve vzájemném obchodu s bavlněným a vlněným textilem, textilem z umělých vláken a oděvy.

V případě, že by se vyvoz těchto výrobků z Československé socialistické republiky do Spojených států amerických rozšířil do té míry, že by způsoboval nebo hrozil způsobit narušení trhu Spojených států amerických tak, jak je to definováno v Dohodě o mezinárodním obchodu s textilem, podepsané dne 20. prosince 1973 v Ženevě, vláda Spojených států amerických může požádat o konzultace s vládou Československé socialistické republiky. Vláda Československé socialistické republiky odpoví na tuto žádost do 30 dní a v průběhu dalších 60 dní se zúčastní konzultací (pokud nebude dohodnuto jinak) za účelem dosažení brzkého řešení za oboustranně výhodných podmínek ne méně příznivých, než stanoví Dohoda o mezinárodním obchodu s textilem ze dne 20. prosince 1973.

(5463)

TIAS 8645

Federální ministerstvo zahraničních věcí navrhuje, bude-li vláda Spojených států amerických souhlasit s ustanoveními této-nóty, aby tato nóta a odpověď velvyslanectví k tomuto účelu tvořily dohodu těchto dvou vlád, která vstoupí v platnost dnem odpovědi nótou velvyslanectví.

Federální ministerstvo zahraničních věcí používá této příležitosti, aby znovu ujistilo velvyslanectví Spojených států amerických svou nejhlubší úctou.

PRAHA, 22 března 1977



VELVYSLANECTVÍ
SPOJENÝCH STÁTŮ AMERICKÝCH
Praha

Translation

FEDERAL MINISTRY OF FOREIGN AFFAIRS

No.: 86.055/77-6

The Federal Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and, with reference to negotiations held between both sides in this matter, has the honour to advise that the Government of the Czechoslovak Socialist Republic agrees that the mutual trade in textiles between the Czechoslovak Socialist Republic and the United States of America be carried out on the basis of the following Understanding:

1/ The validity of the Agreement on Trade in Cotton Textiles between the Czechoslovak Socialist Republic and the United States of America, signed on 29 August 1969, as amended,¹ shall be terminated upon entry into force of this Understanding.

2/ The Czechoslovak Socialist Republic and the United States of America will continue in their mutual trade in cotton, wool and man-made fibre textiles and apparel products.

Should the export of these products from the Czechoslovak Socialist Republic to the United States of America develop in such a manner so as to cause or threaten to cause in the United States of America problems of market disruption as defined in the Arrangement Regarding International Trade in Textiles signed on 20 December 1973

¹ TIAS 6754, 7626; 20 UST 2830; 24 UST 1071.

TIAS 8645

in Geneva,^[1] the Government of the United States of America may request consultations with the Government of the Czechoslovak Socialist Republic. The Government of the Czechoslovak Socialist Republic shall respond to such a request within 30 days and within the next 60 days it shall take part in consultations (unless otherwise agreed) in order to arrive at an early solution on mutually advantageous terms on the basis not less favourable than that provided by the Arrangement Regarding International Trade in Textiles of 20 December 1973.

The Federal Ministry of Foreign Affairs proposes that if the Government of the United States of America agrees to the provisions of this Note, this Note and the Embassy's reply to that effect constitute an agreement of the two Governments, which will enter into force on the date of the Embassy's Note in reply.

The Federal Ministry of Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States of America the assurance of its highest consideration.

PRAGUE, March 22, 1977

[SEAL] [Initialed]

EMBASSY OF THE
UNITED STATES OF AMERICA
Prague

The American Embassy to the Czech Federal Ministry of Foreign Affairs

No. 23

The Embassy of the United States of America presents its compliments to the Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic and has the honor to acknowledge receipt of the Ministry's diplomatic note No. 86.055/77-6, dated March 22, 1977, concerning the mutual trade in textiles between the Czechoslovak Socialist Republic and the United States of America.

The Government of the United States of America agrees to the provisions of the note and further agrees that this note in reply constitutes an agreement of our two governments which enters into effect on the date of this note.

The Embassy of the United States of America avails itself of this opportunity to renew to the Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic the assurances of its highest consideration.

EMBASSY OF THE UNITED STATES OF AMERICA,
PRAGUE, March 28, 1977

¹ TIAS 7840; 25 UST 1001.

TIAS 8645



Textiles Division

Public Release

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

SEPTEMBER 29, 1986

UNITED STATES AND CZECHOSLOVAKIA
SIGN NEW BILATERAL TEXTILE AGREEMENT

The United States and Czechoslovakia sign a new bilateral textile agreement. Texts of the notes follow:

UNITED STATE NOTES

No. 245

Prague, June 23, 1986

The Embassy of the United States of America presents its compliments to the Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic and has the honor to refer to the consultations which took place in Geneva June 3-5, 1986, regarding exports from Czechoslovakia of certain textile products to the United States, and to the Embassy's Notes No. 74 of February 27, 1986, No. 170 of April 29, 1986, and No. 183 of May 13, 1986; and to the Ministry's Note No. 97.367/86 of April 11, 1986.

This Note encloses the text of the Agreement worked out in Geneva by representatives of the Government of the Czechoslovak Socialist Republic and the Government of the United States of America, and the Annex which accompanies that Agreement. Upon receipt of a Note

For more
information
contact:

EB/TEX:ELIZABETH EWING

(202) 647-2690

from the Ministry confirming the acceptance by the Government of the Czechoslovak Socialist Republic of this Agreement, the Agreement will become valid.

The Embassy of the United States of America avails itself of this opportunity to renew to the Federal Ministry of Foreign Affairs the assurances of its highest consideration.

1. This Agreement sets out the agreements that have been reached between the Government of the Czechoslovak Socialist Republic (hereinafter referred to as Czechoslovakia) and the Government of the United States of America (hereinafter referred to as the United States) regarding the exports of certain textile products from Czechoslovakia for import into the United States.

2. (A) This Agreement is done in compliance with the Arrangement Regarding International Trade in Textiles (hereinafter referred to as "The MFA") as extended by the Protocol of 22.12.1981, particularly Article 4. This Agreement replaces the Agreement on cotton, wool and man-made fibre textiles between Czechoslovakia and the United States of April 29, 1977.

(B) The term of this Agreement will be the period from June 1, 1986 to May 31, 1989. Each "Agreement Year" shall be a twelve-month period from June 1 of a given year to May 31 of the next year.

COVERAGE OF AGREEMENT

3. For the purposes of this Agreement, textile products shall be classified as cotton, wool, or man-made fibre textiles if wholly or in chief value of any of these fibres. Products covered by this sub-paragraph but not in chief value of cotton, wool, or man-made fibre shall be classified as:

(i) Cotton textiles if containing 50 percent or more by weight of cotton, or if the cotton component exceeds by weight the wool and/or the man-made fibre components;

(ii) Wool textiles if not cotton, and wool equals or exceeds 17 percent by weight of all component fibres;
and

(iii) Man-made fibre textiles if not cotton or wool as described in (i) or (ii) above and containing 50 percent or more by weight of man-made fibre, or if man-made fibre in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibres and the man-made fibre component exceeds the weight of the total wool and/or total cotton component.

4. Commencing with the first agreement period and during the subsequent term of this Agreement, the Government of Czechoslovakia shall limit exports to the United States of textiles to the specific limits set out in Annex A, as such specific limits may be adjusted in accordance with Paragraph 5.

FLEXIBILITY ADJUSTMENTS

5. (A) The specific limits set out in Annex A do not include any adjustments permitted under Paragraph 5.

(B)(i) The extent to which any specific limit set out in Annex A may be exceeded in any agreement period by carryforward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of any unused yardage or shortfall of the corresponding specific limit for the previous agreement period) is eleven (11) percent, of which carryforward shall not constitute more than six (6) percent.

(B)(ii) No carryover shall be available for application in the first agreement period. No carryforward shall be available for application in the final agreement period.

(C) For the purposes of the Agreement, a shortfall occurs when exports of textiles from Czechoslovakia to the United States during any agreement year are below any specific limit as set out in Annex A or, in the case of any limit decreased pursuant to Paragraph 5, when such exports are below the limit as decreased.

(D) The Government of Czechoslovakia will notify the Government of the United States through official channels when it wishes to use an unused quantity (shortfall) available in categories for carryover or when it wishes to use carryforward, subject to the provision set out above. However, the Government of the United States may apply adjustments under this paragraph to any specific limit whenever that adjustment appears appropriate to facilitate the flow of trade and the sound administration of the Agreement. To the extent that such adjustments are actually utilized, they will be implemented by means of carryover and carryforward, in that order. Any unused carryforward will be

re-credited to the following period's limit. This procedure will not prejudice the outcome of any consultations that may be held between our Governments concerning the amounts of available carryover and carryforward.

(E) During any agreement year, the specific limits set out in Annex A may be increased by not more than 5 percent (swing) provided that a corresponding reduction in square yards equivalent is made in one or more other specific limits during the same agreement years.

(F) The Government of Czechoslovakia shall indicate to the Government of the United States the specific limits or sub-limits it would like to increase and which it would like decreased.

OVERSHIPMENT CHARGES

6. (A) Products of Czechoslovakia shipped in excess of authorized limits in any agreement period may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement period. The Government of the United States shall inform the Government of Czechoslovakia of any such charges.

(B) Products of Czechoslovakia shipped in excess of applicable limits in any agreement period will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

(C) Any action taken pursuant to sub-paragraphs (A) and (B) above will not prejudice the rights of either side regarding consultations.

SPACING PROVISION

7. The Government of Czechoslovakia shall space exports to the United States within each category evenly throughout each agreement period, taking into consideration normal seasonal factors.

U.S. ASSISTANCE IN IMPLEMENTATION
OF THE LIMITATION PROVISION

8. The Government of Czechoslovakia shall administer its export control system under this Agreement. The Government of the United States may assist the Government of Czechoslovakia in implementing the limitation provisions of this Agreement by controlling imports of textiles and textile products covered by this Agreement.

EXCHANGE OF INFORMATION

9. With regard to fraud and circumvention, each Government agrees to supply to the other Government any information within its possession which it reasonably believes to be necessary for the enforcement of this Agreement.

10. (A) The Government of the United States shall promptly supply the Government of Czechoslovakia with data on monthly imports of the textiles or textile products listed in Annex A into the United States from Czechoslovakia.

(B) The Government of Czechoslovakia shall promptly supply the Government of the United States with data on monthly exports of textiles or textile products listed in Annex A from Czechoslovakia to the United States.

(C) Each Government agrees to promptly supply needed statistical data necessary to the implementation of this Agreement requested by the other Government.

MUTUALLY SATISFACTORY
ADMINISTRATIVE ARRANGEMENT

11. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedures or operation.

CONSULTATION ON IMPLEMENTATION QUESTIONS

12. The Government of the United States and the Government of Czechoslovakia agree to consult upon the request of the other, on any question arising in the implementation of this Agreement.

RIGHT TO PROPOSE REVISIONS TO THE AGREEMENT

13. The Government of the United States and the Government of Czechoslovakia may at any time propose revisions to the terms of this Agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

CONSULTATIONS IN CASE OF INEQUITY
VIS-A-VIS A THIRD COUNTRY

14. If the Government of Czechoslovakia considers that as a result of limitations specified in this Agreement it is being placed in an inequitable position relative to a third country, the Government of Czechoslovakia may request consultations with the Government of the United States with a view to taking appropriate remedial actions, such as a reasonable modification of this Agreement.

ARTICLE 3 PROCEDURE

15. For the duration of this Agreement, the Government of the United States shall not invoke the procedures of Article 3 of the Arrangement to request restraint on the exports of wool, cotton and man-made fibres textiles cited in Annex A of the Agreement. The Government of the United States and the Government of Czechoslovakia reserve their rights under the Arrangement with respect to textiles and textile products not subject to Annex A of this Agreement.

PROVISION FOR TEXTILE AGREEMENTS
HARMONIZED COMMODITY CODE

16. (A) Both parties recognize that adoption of the harmonized commodity code (HCC) may result in some changes in the U.S. categorization of textile products covered under this Agreement. If such changes are made during the term of this Agreement, the Government of the United States and the Government of Czechoslovakia will consult with a view toward reaching a satisfactory resolution of issues concerning categories covered by this Agreement. The Government of Czechoslovakia recognizes that should there be no resolution in such consultations, the Government of the United States reserves its right to make such adjustments to Annex A as necessary to bring them into conformity with the new category system and with the harmonized commodity code. The intent of this conversion on the part of the United States is solely to align the system and limits with the HCC. It is not intended to diminish or alter overall trade in textiles with Czechoslovakia.

(B) Consultations under this provision shall be completed no later than 90 days before final adoption of the harmonized commodity code by the Government of the United States.

AGREEMENT CIRCUMVENTION

17. Both Governments agree to cooperate to avoid circumvention of this Agreement.

18. Either Government may terminate this Agreement, effective at the end of an agreement period, by written notice to the other Government to be given at least 90 days prior to the end of such agreement period.

19. The Annexes of this Agreement shall be considered as an integral part thereof.

ANNEX A

<u>Category</u>	<u>June 1, 1986</u> <u>May 31, 1987</u>	<u>June 1, 1987</u> <u>May 31, 1988</u>	<u>June 1, 1988</u> <u>May 31, 1989</u>
443 (wool men's and boys suits)	6,000 dozen	6,060 dozen	6,121 dozen
435 (wool womens' and girls' and infants' coats)	7,000 dozen	7,070 dozen	7,141 dozen

Conversion factor to dozens:

Category 435 - 54. SYE

Category 443 - 54. SYE

No. 255

Prague, July 3, 1986

The Embassy of the United States of America presents its compliments to the Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic

and has the honor to refer to the Embassy's Note No. 245 dated June 25, 1986, which enclosed the text of an Agreement on textiles.

Further discussions between the Embassy and the Federal Ministry of Foreign Trade resulted in the modification of the language contained in Paragraph 19 of the Agreement. The new text of Paragraph 19 is included in a revised version of the last page of the Agreement as it was provided to the Ministry in the Note referred to above.

As stated in the Embassy's original Note, upon receipt of a Note from the Ministry confirming the acceptance by the Government of the Czechoslovak Socialist Republic of this Agreement as revised, the Agreement will become valid.

The Embassy of the United States of America avails itself of this opportunity to renew to the Federal Ministry of Foreign Affairs the assurances of its highest consideration.



PROVISION FOR TEXTILE AGREEMENTS
HARMONIZED COMMODITY CODE

16. (A) Both parties recognize that adoption of the harmonized commodity code (HCC) may result in some changes in the U.S. categorization of textile products covered under this Agreement. If such changes are made during the term of this Agreement, the Government of the United States and the Government of Czechoslovakia will consult with a view toward reaching a satisfactory resolution of issues concerning categories covered by this Agreement. The Government of Czechoslovakia recognizes that should there be no resolution in such consultations, the Government of the United States reserves its right to make such adjustments to Annex A as necessary to bring them into conformity with the new category system and with the harmonized commodity code. The intent of this conversion on the part of the United States is solely to align the system and limits with the HCC. It is not intended to diminish or alter overall trade in textiles with Czechoslovakia.

(B) Consultations under this provision shall be conducted no later than 90 days before final adoption of the harmonized commodity code by the Government of the United States.

AGREEMENT CIRCUMVENTION

17. Both Governments agree to cooperate to avoid circumvention of this Agreement.

18. Either Government may terminate this Agreement, effective at the end of an agreement period, by written notice to the other Government to be given at least 90 days prior to the end of such agreement period.

19. Annex A to this Agreement and any future annexes to this Agreement shall be considered an integral part thereof. Any such future annexes to this Agreement shall be agreed upon and confirmed through diplomatic channels.

CZECHOSLOVAK NOTE

July 22, 1986

No. 119.928/86

The Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic presents its compliments to the Embassy of the United States of America in Prague and, referring to the talks held in Geneva on June 3-5, 1986, concerning the export of certain kinds of textile goods from the Czechoslovak Socialist Republic to the United States of America, and to its notes no. 245 of June 25, 1986 and no. 255 of July 3, 1986, has the honor to state that the Agreement on the Export of Certain Textile Products from the Czechoslovak Socialist Republic to the United States of America in the version appended to the above-mentioned notes was approved in conformance with Czechoslovak legal regulations.

Notes no. 245 of June 25, 1986, and no. 255 of July 3, 1986, from the Embassy of the United States of America in Prague and this note therefore constitute an agreement between the two Governments on this agreement, which shall enter into force on this day.

The Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic avails itself of this opportunity to renew its assurances of its highest consideration to the Embassy of the United States of America.

In Prague, July 22, 1986

Embassy of the United States
of America
Prague

/Seal of the Ministry of
Foreign Affairs of the
Czechoslovak Socialist
Republic/

ESTONIA

MOST-FAVORED-NATION TREATMENT IN CUSTOMS MATTERS

Exchange of notes at Washington March 2, 1925
Estonian ratification notified to the United States August 1, 1925
Entered into force August 1, 1925
Modified by agreement of July 10 and 16, 1951¹

Treaty Series 722

The Secretary of State to the Estonian Minister

DEPARTMENT OF STATE
Washington, March 2, 1925

SIR:

I have the honor to make the following statement of my understanding of the agreement reached through recent conversations held at Washington on behalf of the Government of the United States and the Government of the Republic of Esthonia with reference to the treatment which the United States shall accord to the commerce of Esthonia and which Esthonia shall accord to the commerce of the United States.

These conversations have disclosed a mutual understanding between the two Governments which is that, in respect to import, export and other duties and charges affecting commerce, as well as in respect to transit, warehousing and other facilities and the treatment of commercial travelers' samples, the United States will accord to Esthonia and Esthonia will accord to the United States, its territories and possessions, unconditional most-favored-nation treatment; and that in the matter of licensing or prohibitions of imports or exports, the United States and Esthonia, respectively, so far as they at any time maintain such a system, will accord to the commerce of the other treatment as favorable, with respect to commodities, valuations and quantities, as may be accorded to the commerce of any other country.

¹ In reply to a note of July 10, 1951, from the Secretary of State relative to "the various controls which the Government of the United States believes it is necessary or desirable to apply to trade between the United States and various areas under Soviet domination or control," the Acting Consul General of Estonia at New York, in a note dated July 16, 1951, said that he would have "no objection to the application to that trade [between the United States and Estonia] of such controls as the Government of the United States may consider appropriate."

7 Bevans

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It is understood that

No higher or other duties shall be imposed on the importation into or disposition in the United States, its territories or possessions, of any articles the produce or manufacture of Esthonia than are or shall be payable on like articles the produce or manufacture of any foreign country:

No higher or other duties shall be imposed on the importation into or disposition in Esthonia of any articles the produce or manufacture of the United States, its territories or possessions, than are or shall be payable on like articles the produce or manufacture of any foreign country:

Similarly, no higher or other duties shall be imposed in the United States, its territories or possessions, or in Esthonia on the exportation of any articles to the other or to any territory or possession of the other, than are payable on the exportation of like articles to any foreign country:

Every concession with respect to any duty, charge or regulation affecting commerce now accorded or that may hereafter be accorded by the United States or by Estonia, by law, proclamation, decree or commercial treaty or agreement, to any foreign country will become immediately applicable without request and without compensation to the commerce of Esthonia and of the United States and its territories and possessions, respectively.

Provided that this understanding does not relate to

(1) The treatment which the United States accords or may hereafter accord to the commerce of Cuba or any of the territories or possessions of the United States or the Panama Canal Zone, or to the treatment which is or may hereafter be accorded to the commerce of the United States with any of its territories or possessions or to the commerce of its territories or possessions with one another.

(2) The treatment which Esthonia accords or may hereafter accord to the commerce of Finland, Latvia, Lithuania, Russia, and/or to the states in custom or economic union with Esthonia, or to all of those states, so long as such special treatment is not accorded to any other state.

(3) Prohibitions or restrictions of a sanitary character or designed to protect human, animal or plant life or regulations for the enforcement of police or revenue laws.

The present arrangement shall become operative on the day when the ratification of the present note by the Esthonian Parliament will be notified to the Government of the United States and, unless sooner terminated by mutual agreement shall continue in force until thirty days after notice of the termination shall have been given by either party; but should either party be prevented by future action of its legislature from carrying out the terms of this arrangement, the obligations thereof shall thereupon lapse.

I shall be glad to have your confirmation of the accord thus reached.
Accept, Sir, the renewed assurances of my highest consideration.

CHARLES E. HUGHES

Dr. A. PIIP
Minister of Esthonia

The Estonian Minister to the Secretary of State

ESTHONIAN LEGATION
Washington, March 2, 1925

SIR:

I have the honor to make the following statement of my understanding of the agreement reached through recent conversations held at Washington on behalf of the Government of the Republic of Esthonia and the Government of the United States with reference to the treatment which Esthonia shall accord to the commerce of the United States and which the United States shall accord to the commerce of Esthonia.

[For statement of understanding, see U.S. note, above.]

I shall be glad to have your confirmation of the accord thus reached.
Accept, Sir, the renewed assurances of my highest consideration.

A. PIIP

His Excellency
CHARLES EVANS HUGHES
Secretary of State of the United States

GERMAN DEMOCRATIC REPUBLIC



Textiles Division

Public Release

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

June 18, 1987

UNITED STATES AND GERMAN DEMOCRATIC REPUBLIC ESTABLISH BILATERAL TEXTILE AGREEMENT

The United States and Germany established a bilateral textile agreement by exchange of notes on December 10, 1986 and February 27, 1987. Text of the notes follow:

UNITED STATES NOTE

Berlin, December 10, 1986

No. 1277

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the German Democratic Republic and has the honor to refer to discussions in Washington, D.C. on November 19, 1986 concerning exports to the United States of certain cotton textile products manufactured in the German Democratic Republic. As a result of these discussions, the Embassy on behalf of the Government of the United States proposes the following agreement (hereinafter referred to as the agreement) relating to trade in cotton textile products between the German Democratic Republic and the United States.

1. The term of the agreement shall be from January 1, 1987 to December 31, 1989. Each agreement year shall be a calendar year.

2. The category of textile products covered by the agreement and the rate of conversion into square yards equivalent are set out in Annex A. For the purposes of this agreement, textile products shall be

For more
information
contact:

EB/TEX: SUSAN SALEM

(202) 647-2777

classified as cotton, wool or man-made fiber textiles if wholly or in chief value of any of these fibers. Products covered by this paragraphs --- but not in chief value cotton, wool, or man-made fiber --- shall be classified as cotton textiles if containing 50 percent or more by weight of cotton, or if the cotton with wool and/or man-made fibers in the aggregate equal or exceed 50 percent by weight and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components.

3. During the term of the agreement, the Government of the German Democratic Republic shall limit annual exports from the German Democratic Republic to the United States of the textile products listed in Annex A, to the specific limit set forth in Annex B hereto, as such limit may be adjusted in accordance with Paragraph 4. The limit set out in Annex B is without such adjustments. Exports are subject to a limit for the period in which they are exported.

4. (A) In any agreement year, exports may exceed by a maximum of 10 percent any specific limit set out in Annex B by allocating to such limit for that agreement year any unused portion of the corresponding limit for the previous agreement year ("carryover") or a portion of the corresponding limit for the succeeding agreement year ("carryforward") subject to the following conditions:

(1.) Carryover may be utilized as available (subject to Subparagraph 4 (B)) up to six (6) percent of the receiving agreement year's applicable limit. No carryover shall be available during the first agreement year.

(2.) Carryforward may be utilized up to ten (10) percent of the receiving agreement year's specific limit. Carryforward used shall be charged against the immediately following agreement year's corresponding limit. No carryforward shall be available during the last agreement year.

(B) For purposes of the agreement, a shortfall occurs when exports of textile products from the German Democratic Republic to the United States during an agreement year are below the applicable specific limit as set out in Annex B. In the agreement year following the shortfall, such exports from the German Democratic Republic to the United States may be permitted to exceed the limit applicable to that year, subject to the conditions of Subparagraph 4 (A), by carryover of an amount not to exceed the actual shortfall in the previous period.

(C) The Government of the United States may apply adjustments as available under this paragraph whenever the adjustments are requested by the German Democratic Republic. Any unused carryforward will be reccredited to the following agreement year's limit.

5. (A) The Government of the United States may assist the Government of the German Democratic Republic in implementing the limitation provisions of the agreement by controlling its imports of the textile products covered by the agreement.

(B) Exports from the German Democratic Republic in excess of the authorized limit in any agreement year may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement year.

(C) Exports from the German Democratic Republic in excess of the authorized limit in any agreement year, if allowed entry into the United States during that agreement year, will be charged to the applicable limit in the succeeding agreement year.

6. The Government of the German Democratic Republic shall use its best efforts to space exports from the German Democratic Republic to the United States of the textile products covered by the agreement evenly throughout each agreement year, taking into account normal seasonal factors.

7. The Government of the United States shall promptly supply the Government of the German Democratic Republic with monthly data on imports of textile products subject to this agreement; and the Government of the German Democratic Republic shall promptly supply the Government of the United States with quarterly data on exports of such products to the United States. Each government agrees to supply promptly any other pertinent, readily available statistical data requested by the other government.

8. Mutally satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this agreement, including differences in points of procedure or operation.

9. The Government of the United States and the Government of the German Democratic Republic agree to consult on any question arising in the implementation of the agreement.

10. The Government of the United States and the Government of the German Democratic Republic may at any time propose revisions in the terms of this agreement. Each government agrees to consult promptly with the other about such proposals with a view to making such revisions to this agreement or taking such other appropriate action as may be mutually agreed upon.

11. The Government of the German Democratic Republic and the Government of the United States shall cooperate to avoid circumvention of this agreement.

12. Either government may terminate the agreement effective at the end of any agreement year by written notice to the other government to be given at least ninety days prior to the end of such agreement year.

If the foregoing proposal is acceptable to the Government of the German Democratic Republic, this note and a note of acceptance on behalf of the Government of the German Democratic Republic shall constitute an agreement between the Government of the United States and the Government of the German Democratic Republic effective January 1, 1987.

The Government of the United States wishes to encourage the Government of the German Democratic Republic to complete an exchange of notes as early as possible so that the United States Government can implement the agreement at the beginning of 1987.

The Embassy avails itself of this opportunity to renew to the Ministry the assurance of its highest consideration.

Annex A

Category	Description	Conversion Factor	Unit of Measure
334	Other cotton coats for men and boys	41.3	dozens

Annex B

Category	Description	Unit	1/1/87- 12/31/87	1/1/88- 12/31/88	1/1/89- 12/31/89
334	Other cotton coats for men and boys	Doz	19,500	19,500	19,500

Berlin, February 27, 1987

GERMAN NOTE

The Ministry for Foreign Affairs of the German Democratic Republic presents its compliments to the Embassy of the United States of America in the German Democratic Republic and has the honor to inform it in reply to the Embassy's note No. 1277 of December 10, 1986 that the Ministry for Foreign Trade of the German Democratic Republic agrees to the number of 19,500 dozens zippered jackets for the years 1987 to 1989 each as set forth in the Memorandum of Understanding of November 19, 1986 in accordance with Annex B of note No. 1277, and thus considers the agreement finalized.

The Ministry for Foreign Affairs of the German Democratic Republic avails itself of the occasion to renew to the Embassy of the United States of America in the German Democratic Republic the assurance of its very high consideration.

To the Embassy of the
 United States of America
 in the German Democratic Republic
 Berlin

Stamp of the Foreign Ministry
 of the German Democratic Republic

HUNGARY

HUNGARIAN PEOPLE'S REPUBLIC

Trade Relations

***Agreement signed at Budapest March 17, 1978;
Entered into force July 7, 1978.***

(2711)

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AGREEMENT ON TRADE RELATIONS BETWEEN THE
UNITED STATES OF AMERICA AND THE
HUNGARIAN PEOPLE'S REPUBLIC

The Government of the United States of America and
the Government of the Hungarian People's Republic;

Desiring to develop further the friendship between
the American and Hungarian peoples;

Noting the steady improvement in relations between
the two countries;

Recognizing that the development of economic and
commercial relations can contribute to a general strength-
ening of their relations;

Acknowledging that favorable conditions for the
further long-term expansion of trade and economic cooperation
exist between the two countries and can be further expanded
to the benefit of both countries;

Desiring to develop long-term trade and economic
cooperation based upon the principles of sovereign
equality and mutual benefit;

Reaffirming the importance of the principles of the
General Agreement on Tariffs and Trade [1] for the trade policies
of the two countries;

Determined to give full effect to the Final Act of
the Conference on Security and Cooperation in Europe signed
on August 1, 1975; [2]

Agree as follows:

¹ TIAS 1700: 61 Stat., pts. 5 and 6.

² *Department of State Bulletin*, Sept. 1, 1975, p. 323.

ARTICLE I

MOST FAVORED NATION TREATMENT

NONDISCRIMINATORY TRADE

1. The Parties shall apply between themselves the provisions of the General Agreement on Tariffs and Trade and the Protocol for the Accession of Hungary of August 8, 1973, as those provisions apply to each Party, provided that to the extent that any provision of the General Agreement or its Protocols is inconsistent with any provision of this Agreement, the latter shall apply.

2. The Parties agree to maintain a satisfactory balance of concessions in trade and services during the period of this Agreement, and in particular to reciprocate satisfactorily reductions by the other Party in tariffs and non-tariff barriers to trade that result from multilateral negotiations.

ARTICLE II

EXPANSION OF TRADE

1. The Parties shall take appropriate measures to encourage and facilitate the exchange of goods and services on the basis of mutual advantage, and to secure favorable conditions for the continuous, long-term development of trade relations, between firms, enterprises and companies of the two countries.

2. The Parties recognize the significant role which economic, industrial and technical cooperation may play in the further development of their economic and trade relations. They confirm their readiness to encourage, promote and facilitate these forms of cooperation between interested firms, enterprises and companies of their respective countries in the fields of industry, agriculture trade and technology.

3. Commercial transactions will be effected on the basis of contracts to be concluded between firms, enterprises and companies of the two countries in accordance with applicable laws and regulations. Such contracts, including contracts for services, especially

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those for commercial, technical, financial, transportation and insurance services, will generally be concluded on the basis of commercial considerations on terms customary in international commercial practice.

ARTICLE III

BUSINESS FACILITATION

1. Each Party acknowledges that favorable conditions exist for the facilitation of business and the exchange of economic and commercial information in both countries. The Parties, through their laws and regulations, will continue to provide further business facilities, especially those indicated in this Article, to support the development of their mutual trade.

2. Firms, enterprises and companies of each Party shall be afforded access to all courts and, when applicable, to administrative bodies of the other Party as plaintiffs or defendants, or otherwise, in accordance with the laws in force in the territory of such other Party, on the basis of most-favored-nation treatment.

3. Each Party shall permit firms, enterprises and companies of the other Party to advertise and promote its products and services and provide technical services, in compliance with the respective laws and regulations of each Party.

4. Each Party reaffirms its commitments made in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Material, done at Geneva on November 7, 1952. [1]

5. Firms, enterprises and companies of each Party may initiate and maintain contact with present and potential buyers, users and suppliers for authorized purposes, including the exchange of technical and economic information and for the purposes specified in contracts between firms, enterprises and companies of each Party, in accordance with laws and regulations in force.

¹ TIAS 3920: 8 UST 1636.

6. Each Party shall permit and facilitate the entry, exit and stay within its territory of foreign employees and foreign representatives of the other Party's firms, enterprises and companies, subject to applicable laws and regulations.

7. Each Party will continue to publish and to make available economic and commercial information to promote trade and to help firms, enterprises and companies engaged in commercial activities.

8. Each Party will encourage the participation of its firms, enterprises and companies in trade promotional events such as fairs, exhibitions, missions and seminars in the other country. Similarly, each Party will encourage firms, enterprises and companies of the other Party to participate in trade promotional events in its territory. Subject to the laws in force within their territories, the Parties agree to allow the import and re-export on a duty free basis of all articles for use in promotional events, provided that such articles are not sold or otherwise transferred.

9. Each Party agrees to provide its good offices to assist in the solution of business facilitation problems. For this purpose, each Party will designate appropriate organizations within its government to which firms, enterprises and companies of the other Party will have ready access in order to present business facilitation problems in cases where all normal channels have been exhausted.

10. Neither Party shall take measures which would unreasonably impair the contractual rights or other interests acquired within its territory by firms, enterprises and companies of the other Party.

11. Representation of the firms, enterprises and companies of one Party in the territory of the other shall be facilitated in accordance with the following provisions.

A. Each Party recognizes the value of representation in its territory of firms, enterprises and companies of the other Party, either by local firms, enterprises and companies on the basis of agency contracts, or by commercial representations, as defined in Article X paragraph 2, subject to laws and regulations of each Party.

B. They agree to facilitate the establishment and operation of such agency or commercial representations. Applications for any authorizations required for the establishment and operation of commercial representations shall be acted upon without delay.

C. Firms, enterprises and companies of each Party that have or desire to open commercial representations in the territory of the other Party shall be accorded treatment no less favorable than that accorded to firms, enterprises and companies of any third country.

D. Firms, enterprises and companies operating commercial representations may hire, directly compensate at lawful rates, and terminate the employment of nationals of the host country or of third countries, in accordance with laws and regulations in force in the host country. Persons other than local nationals may be employed in accordance with laws applicable to the entry and sojourn of aliens.

E. Commercial representations shall be permitted to import office equipment and automobiles for their operation, subject to applicable customs regulations. In the event of termination of the operation of a commercial representation, it shall be permitted to export equipment properly imported under this Article.

F. Each Party shall permit foreign employees of commercial representations of the other Party to reside in its territory along with their families, subject to its laws and regulations applicable to the entry and sojourn of aliens. Foreign employees of commercial representations shall be permitted to secure housing and office facilities.

G. Each Party shall normally issue multiple entry and exit visas to foreign employees of commercial representations and their families who are assigned in that capacity in its territory; such persons shall be permitted to import personal effects for personal use and not for any other person nor for sale duty free in accordance with applicable customs procedures. They shall be permitted to export their imported personal effects duty free.

H. The Parties recognize the value of facilitating the work of other persons who may be assigned in their territory in connection with activities related to this Agreement. To this end, the two preceding subparagraphs of this Article shall apply with respect to:

i. Foreign employees of joint ventures involving firms, enterprises and companies of both Parties who are assigned in the territory of the other Party for purposes of the joint venture; and

ii. Employees or other representatives of firms, enterprises or companies of either Party who are assigned in the territory of the other Party pursuant to sales or other contracts between firms, enterprises and companies of the Parties.

ARTICLE IV

FINANCIAL PROVISIONS RELATING TO TRADE

1. Firms, enterprises and companies of either Party will conduct their financial transactions with the firms, enterprises and companies of the other Party, including those specified in paragraphs 2 through 5, in accordance with applicable laws and regulations of each Party.

2. Financial transactions between firms, enterprises and companies of the two countries shall be carried out in United States dollars or any other freely convertible currency unless the parties to the transaction agree otherwise.

3. Each Party shall grant any authorizations which may be necessary to the firms, enterprises and companies of the other Party on the basis of most-favored-nation treatment with respect to:

A. Transactions involving payments, remittances and transfers of convertible currencies or financial instruments representative thereof between the territories of the two Parties, as well as between the territory of that Party and that of any third country;

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B. Rates of exchange and matters relating thereto;

C. Opening and maintaining accounts in local and any convertible currency in financial institutions and with respect to use of such currencies.

4. Expenditures in the territory of a Party by firms, enterprises and companies of the other Party may be made in local currency received in an authorized manner.

5. Except in time of declared national emergency, neither Party shall place restrictions upon the export from its territory of freely convertible currencies or deposits, or instruments representative thereof, by the firms, enterprises and companies or Government of the other Party, provided such currencies, deposits, or instruments were received in an authorized manner.

ARTICLE V

INDUSTRIAL PROPERTY, COPYRIGHTS AND

INDUSTRIAL RIGHTS AND PROCESSES

1. Each Party reaffirms the commitments made with respect to industrial property in the Paris Convention for the Protection of Industrial Property, as revised at Stockholm on July 14, 1967. [1]

2. Each Party reaffirms the commitments made in the Universal Copyright Convention of September 6, 1952, as revised at Paris on July 24, 1971. [2]

3. Each Party shall provide to the firms, enterprises and companies of the other Party national treatment or most-favored-nation treatment, whichever is more favorable, with respect to legal protection of other industrial rights and processes.

¹ TIAS 6923. 7727 : 21 UST 1583 : 24 UST 2140.

² TIAS 3324. 7668 : 6 UST 2731 : 25 UST 1341.

ARTICLE VI

GOVERNMENT COMMERCIAL OFFICES

1. In order to promote the expansion of trade and economic cooperation between the Parties, each Party will permit and facilitate the establishment and operation of a government commercial office of the other Party as an integral part of its Embassy. This office may be located in premises separate from those occupied by the Embassy. The opening of branches of such government commercial offices shall be the subject of separate arrangements between the Parties. Representatives of firms, companies and enterprises of either Party shall have for commercial purposes full access to these offices.

2. Government commercial offices, and their respective officers and staff members, to the extent that they enjoy diplomatic immunity, shall not function as agents or principals in commercial transactions, or enter into contractual agreements on behalf of commercial organizations, or engage in other commercial activities inconsistent with their diplomatic status. They may, however, engage in general trade promotion activity.

ARTICLE VII

MARKET DISRUPTION SAFEGUARDS

1. The Parties agree to consult promptly at the request of either Party whenever either actual or prospective imports of products originating in the territory of the other Party cause or threaten to cause or significantly contribute to market disruption. Market disruption exists within a domestic industry whenever imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry.

2. Either Party may impose restrictions, limitations or price measures on imports originating in the territory of the other Party to prevent or remedy actual or threatened market disruption.

3. The procedures for application of this Article are set forth in the Annex.

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ARTICLE VIII

SETTLEMENT OF COMMERCIAL DISPUTES

1. The Parties encourage the prompt and equitable settlement of commercial disputes between their firms, enterprises and companies.

2. Both Parties endorse the adoption of arbitration for the settlement of such disputes not otherwise amicably resolved. The Parties encourage their respective firms, enterprises and companies to provide in their contracts for arbitration under internationally recognized arbitration rules. Such agreements may specify a place of arbitration in a country other than the Hungarian People's Republic or the United States of America that is a Party to the 1958 Convention for the Recognition and Enforcement of Foreign Arbitral Awards. Parties to the contract may provide for any other place or rules of arbitration.

ARTICLE IX

NATIONAL SECURITY

The provisions of this Agreement shall not limit the right of either Party to take any action for the protection of its security interests.

ARTICLE X

DEFINITIONS

1. As used in this Agreement, the term "firms, enterprises and companies" of the United States means nationals, firms and companies of the United States, engaged in commercial activities. "Firms, enterprises and companies" of the Hungarian People's Republic means firms, enterprises, companies and other legal persons authorized under the laws and regulations of the Hungarian People's Republic to carry on foreign trade or other activities mentioned in the respective paragraphs.

2. As used in this Agreement, the term "commercial representations" shall mean, in the case of representations established in the United States, any form of lawful business or commercial representation, other than representation by a U.S. firm, enterprise or company pursuant to an agency contract.

In the case of commercial representations established in the Hungarian People's Republic, the term shall mean direct commercial representations as provided for in Decree 8 of 1974 of the Minister of Foreign Trade, section 1, paragraph 3.

ARTICLE XI

ENTRY INTO FORCE, DURATION AND REVIEW

1. This Agreement, including its Annex and the three attached letters, which are integral parts of the Agreement, shall enter into force on the date of exchange of written notices of acceptance by the two Governments,^[1] and shall remain in force as provided in paragraph 2 of this Article.

2. A. The initial term of this Agreement shall be three years, subject to subparagraph B. of this paragraph.

B. If either Party encounters or foresees a problem concerning its domestic legal authority to carry out any of its obligations under this Agreement, such Party shall request immediate consultations with the other Party. Once consultations have been requested, the other Party shall enter into such consultations as soon as possible concerning the circumstances that have arisen with a view to finding a solution to avoid action under subparagraph C.

C. If either Party does not have domestic legal authority to carry out its obligations under this Agreement, either Party may suspend the application of this Agreement or, with the agreement of the other Party, any part of this Agreement. In that event, the Parties will, to the fullest extent practicable and consistent with domestic law, seek to minimize disruption to existing trade relations between the two countries.

¹ July 7, 1978.

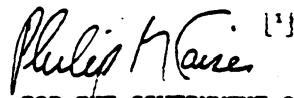
D. This Agreement shall be extended for successive periods of three years each unless either Party has given written notice to the other Party of the termination of this Agreement at least 30 days prior to its expiration.

3. The Parties agree to consult at the request of either Party to review the operation of this Agreement and other relevant aspects of the relations between the Parties.

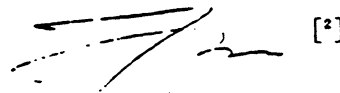
TIAS 8967

IN WITNESS WHEREOF, the authorized representatives
of the Parties have signed this Agreement.

DONE at Budapest on this seventeenth day of March, 1978,
in two original copies, in the English and Hungarian
languages, both texts being equally authentic.



FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA



FOR THE GOVERNMENT OF
THE HUNGARIAN
PEOPLE'S REPUBLIC

¹ Philip M. Kaiser
² J. Biro

ANNEX

1. A. In the consultations provided for under Article VII the Parties shall present and examine the factors relating to those imports that may be causing or threatening to cause, or significantly contributing to market disruption, as described in paragraph 1 of Article VII, and seek means of preventing or remedying such market disruption. They shall take due account of any contracts between firms, enterprises and companies of the two countries concluded prior to the request for consultations and shall seek not to impair unreasonably rights of importers and exporters under such contracts. Such consultations shall provide for a review of the production, market, and trade situation of the product involved and may include such factors as trends in domestic production, profits of firms within the industry, the employment situation, sales, inventories, rates of increase of imports, market share, level and prices of imports, sources of supply, the situation of the exporter and any other aspect which may contribute to the examination of the situation. In the consultations the partners shall take due account whether newly marketed or well established products are involved; the mere appearance of a new product or products on the market may not necessarily be interpreted as a significant cause of material injury or as significantly contributing to market disruption. Such consultations shall be initiated promptly and concluded within ninety days of the request, unless otherwise agreed.

B. Unless a different solution is agreed upon, restrictions or limitations determined by the importing Party to be necessary to prevent or remedy the market disruption in question shall be implemented. The other Party shall then be free to deviate from its obligations to the first Party in respect of substantially equivalent trade as provided in the General Agreement on Tariffs and Trade.

C. In critical circumstances, where delay would cause damage difficult to repair, such preventive or remedial action may be taken provisionally without prior consultation on the condition that consultation shall be effected immediately after taking such action.

TIAS 8967

2. A. In accordance with applicable laws and regulations, each Party shall take appropriate measures to ensure that exports from its country of the products concerned do not exceed the quantities or vary from the restrictions established for imports of such products into the other country pursuant to paragraph 1 of this Annex.

B. Each Party may take appropriate measures with respect to imports into its country to ensure that imports of products originating in the other country comply with such quantitative limitations or other restrictions.

TIAS 8867

March 17, 1978

Dear Mr. Ambassador:

I wish to inform you that Hungarian state enterprises, including those which conduct foreign trade, are legal persons carrying out independent economic activities as provided for in the Civil Code of the Hungarian People's Republic and in accordance with the provisions of Law No. VI. of 1977 on State Enterprises. On the basis of Section 31, paragraph /4/ of the Civil Code, and of Section 27, paragraph /3/ of the Law on State Enterprises, they themselves are responsible with their assets for their obligations. Accordingly, they shall not claim or enjoy immunities from suit or execution of judgment or other liability with respect to commercial transactions; they also shall not claim or enjoy immunities from taxation except as may result from other bilateral agreements.

Sincerely,



Jozsef Biro
Minister for Foreign Trade

His Excellency
Philip M. Kaiser
Ambassador of the United States
of America to the Hungarian
People's Republic
Budapest

TIAS 8967

March 17, 1978

Dear Mr. Minister:

I wish to inform you that the United States Government has no objection in principle to the establishment of a bilateral joint commission or other formal consultative mechanism appropriately structured to contribute to Hungarian-U.S. trade and economic relations. However, the United States believes that this matter should be considered separately from this Agreement on Trade Relations.

Accordingly, the United States is prepared to consider a Hungarian proposal to establish such a consultative mechanism.

Sincerely,



Philip M. Kaiser
Ambassador

His Excellency
Jozsef Biro
Minister for Foreign Trade of the
Hungarian People's Republic

TIAS 8967

March 17, 1978

Dear Mr. Minister:

With reference to Article I paragraph 1 of the Agreement on Trade Relations between Hungary and the United States, I wish to convey the understanding of the Government of the United States that it shall, with respect to Hungary, apply the General Agreement on Tariffs and Trade (except for Article II thereof) and the Protocol for the Accession of Hungary, to the extent not inconsistent with this Agreement on Trade Relations, as though the United States had dis-invoked Article XXXV of the GATT with respect to Hungary.

Sincerely,



Philip M. Kaiser
Ambassador

His Excellency
Jozsef Biro
Minister for Foreign Trade of the
Hungarian People's Republic

TIAS 8967

HUNGARIAN PEOPLE'S REPUBLIC

**Trade: Tokyo Round of the Multilateral Trade
Negotiations—Trade Matters**

*Agreement signed at Budapest November 18, 1978;
Entered into force January 1, 1980.*

With related letters.

And related agreement

*Done at Budapest June 13, 1979 and May 30, 1980;
Entered into force May 30, 1980.*

And amending agreement

Effected by exchange of letters

*Signed at Budapest September 4 and 18, 1980;
Entered into force September 18, 1980.*

(5371)

TIAS 9992

AGREEMENTAgreement on Tariff Matters Between the United States
of America and the Hungarian People's Republic

Article I

The Government of the United States of America agrees to grant to the Hungarian People's Republic in regard to items listed in Annex I to this Agreement tariff treatment no less favorable than that specified in Annex I. The Government of the Hungarian People's Republic agrees to grant to the United States of America in regard to items listed in Annex II to this Agreement tariff treatment no less favorable than that specified in Annex II.^[1]

Article II

Except as provided in Article V of this Agreement and in any modifications that may be agreed upon by the Parties to this Agreement, the Government of the United States of America and the Government of the Hungarian People's Republic agree to implement the concessions specified in Annexes I and II in accordance with the Final Act of the Tokyo Round of Multilateral Trade Negotiations, including any provisions of such Final Act that may pertain to the staging of tariff reductions.

Article III

1. The Government of the United States of America and the Government of the Hungarian People's Republic shall, with respect to matters provided for in this Agreement, apply the provisions of the General Agreement on Tariffs and Trade^[2] in accordance with the Agreement on Trade Relations^[3] between the United States of America and the Hungarian People's Republic.

2. If the Parties agree, any disputes arising under this Agreement may be settled through use of the procedures of the General Agreement on Tariffs and Trade. In other cases, the Parties to this Agreement will proceed as follows:

A. Each Party to this Agreement shall, upon request of other Party, enter into bilateral consultations with respect to any matter concerning the operation of or obligations under this Agreement. Such consultations may include requests for renegotiation of the Agreement or complaints that benefits accruing under the Agreement have been directly or indirectly nullified or impaired.

¹ The original schedules of annexes I and II were replaced by schedules submitted with letters of Nov. 26 and Dec. 10, 1979. See pp. 14-39.

² TIAS 1700; 61 Stat., pts. 5 and 6.

³ TIAS 8987; 29 UST 2711.

[Footnotes added by the Department of State.]

B. If within 60 days following a request for consultations concerning a complaint that benefits accruing under this Agreement have been nullified or impaired there has been no satisfactory settlement of the issue, then either Party may suspend the application, with respect to the other Party, of such concessions or obligations under this Agreement as it shall determine to be appropriate in the circumstances, and the other Party may take such action as it considers appropriate.

Article IV

Nothing in this Agreement will affect the U.S. invocation of Article XXXV of the General Agreement on Tariffs and Trade, as qualified by the Agreement on Trade Relations between the United States of America and the Hungarian People's Republic and letters exchanged between the two Governments on the date of that Agreement.

Article V

1. Upon a successful conclusion of the Tokyo Round of Multilateral Trade Negotiations, each Party to the Agreement shall determine whether a satisfactory overall balance of concessions has been achieved between the two Parties. Thereafter, this Agreement shall enter into force on the 30th day following the Parties' written notification to each other of approval of the overall balance referred to in the preceding sentence.

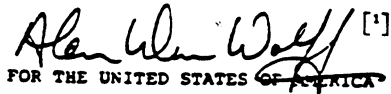
2. Either Party to this Agreement may at any time withdraw, in whole or in part, one or more concessions made under this Agreement. After this Agreement has entered into force, such withdrawals shall be subject to the provisions of Article III of this Agreement.

3. This Agreement shall cease to be effective at any time, or for any period, that the Agreement on Trade Relations between the United States of America and the Hungarian People's Republic is not in effect.

4. This Agreement may be terminated by either Party upon six months written notice to the other Party.

TIAS 9092

Done in four original copies at Budapest, this eighteenth day of November 1978, two copies each in English and Hungarian, each of the four texts being equally authentic.

^[1]
FOR THE UNITED STATES OF AMERICA

^[2]
FOR THE HUNGARIAN PEOPLE'S REPUBLIC

¹ Alan Wm. Wolf.

² Janos Nyereges.

[Footnotes added by the Department of State.]

[RELATED LETTERS]

DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
WASHINGTON

November 18, 1978

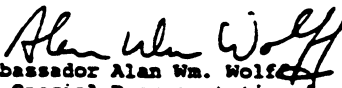
Excellency:

I have the honour to refer to the Agreement on Tariff Matters between the United States of America and the Hungarian People's Republic.

With respect to that Agreement, the Government of the United States of America acknowledges that the parties may need to adjust their schedules of concessions as the Tokyo Round of Multilateral Trade Negotiations draws to a conclusion. These adjustments may be made prior to the entry into force of this Agreement. The Government of the United States of America wishes to express the mutual understanding of the parties to this Agreement that, where appropriate, any such adjustments will be offset by adequate modifications.

Accept, Excellency, renewed assurances of my highest esteem.

Sincerely,


Ambassador Alan Wm. Wolff
Deputy Special Representative for
Trade Negotiations

Mr. Janos Nyerges
Special Representative of
The Hungarian Government to
The International Economic Organizations
Budapest

TIAS 9992

DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
WASHINGTON

November 18, 1978

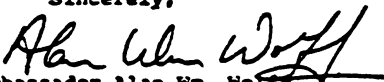
Excellency:

I have the honour to refer to the Agreement on Tariff Matters between the United States of America and the Hungarian People's Republic.

Our Governments have agreed to assess the overall balance provided for in that Agreement, prior to its entry into force, at the conclusion of the Tokyo Round of Multilateral Trade Negotiations (MTN). At the time of that assessment, the Government of the United States will, in the event that it offers concessions in the MTN to countries that are principal suppliers of item number 107.35 of the United States Tariff Schedules (pork, prepared or preserved, boned, cooked, and canned) or other products, extend the same concessions to imports from the Hungarian People's Republic. The Government of the United States of America recognizes that if it is not possible to make additional concessions, the Government of the Hungarian People's Republic may withdraw its proposed concessions on phosphated mineral or chemical fertilizer.

Accept, Excellency, renewed assurances of my highest esteem.

Sincerely,



Ambassador Alan Wm. Wolff
Deputy Special Representative for
Trade Negotiations

Mr. Janos Nyerges
Special Representative of
The Hungarian Government to
The International Economic Organizations
Budapest

TIAS 9902

English Text of the Hungarian Letter

HUNGARIAN PEOPLE'S REPUBLIC
MINISTRY OF FOREIGN TRADE

November 18, 1978

Excellency:

I have the honour to refer to your letters concerning the Agreement on Tariff Matters between the Government of the United States of America and the Government of the Hungarian People's Republic, and in particular concerning adjustments to the schedules of concessions in that Agreement that may be made as the Tokyo Round of Multilateral Trade Negotiations is concluded.

I have further the honour to inform you that the Government of the People's Republic of Hungary agrees with the content of your letters.

Accept, Excellency, renewed assurances of my highest esteem.

Sincerely,

Janos Nyerges
Special Representative
of the Hungarian Govern-
ment to the International
Economic Organizations

His Excellency
Alan W. Wolff
Deputy Special Representative
for Trade Negotiations

Washington, D. C.

TIAS 9092

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

November 26, 1979

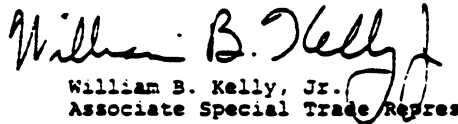
Excellency:

I have the honor to refer to the Agreement on Tariff Matters between the United States of America and the Hungarian People's Republic signed November 18, 1978.

As provided for in Article V of the Agreement and in the side letters attached to the Agreement, the United States has found it necessary to adjust its schedule of concessions annexed to the Agreement as Annex I during the concluding months of the Tokyo Round of Multilateral Trade Negotiations. Accordingly, I have the pleasure to transmit to you the revised Schedule of United States concessions to be annexed to the Agreement as Annex I.

Accept, Excellency, renewed assurances of my highest esteem.

Sincerely,



William B. Kelly, Jr.
Associate Special Trade Representative

Mr. Janos Nyerges
Special Representative of
The Hungarian Government to
The International Economic
Organizations
Budapest

TIAS 9092

HUNGARIAN PEOPLE'S REPUBLIC

Agricultural Trade and Cooperation

*Joint statement signed at Washington May 13, 1981;
Entered into force May 13, 1981.*

90-002 O-82

(1)

TIAS 10103

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

" . . . the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Subscription Price: \$ 145. per year; \$181.25 for foreign mailing. Single copies vary in price. This issue \$1.75.

AGRICULTURAL TRADE AND COOPERATION

**Joint Statement Between the
UNITED STATES OF AMERICA
and the HUNGARIAN PEOPLE'S REPUBLIC**

Signed at Washington May 13, 1981

JOINT STATEMENT ON THE DEVELOPMENT OF AGRICULTURAL TRADE AND
COOPERATION BETWEEN THE UNITED STATES OF AMERICA AND THE
HUNGARIAN PEOPLE'S REPUBLIC

The Department of Agriculture of the United States of America and the Ministry of Agriculture and Food of the Hungarian People's Republic, hereinafter collectively referred to as the Parties,

- Recognizing the steady improvement of relations between the two countries,
- Believing that the expansion of agricultural trade and cooperation would be of mutual benefit,
- Having expressed a desire to expand economic, scientific and technical cooperation in the field of agriculture,

Have agreed to the following statement:

ARTICLE I

In order to further promote the accomplishment of the objectives laid down in Article II of the Agreement on Trade Relations between the United States of America and the Hungarian People's Republic, signed on March 17, 1978, [1] in Budapest, the two Parties will strengthen and widen their collaboration in the field of agriculture.

In accordance with the principles and provisions set forth in the relevant agreements concluded between their two Governments, the two Parties declare their intention to expand bilateral agricultural trade, and to promote cooperation in agricultural science and technology between the ministries, research organizations and institutions of both countries. The Parties will consult on the situation and outlook for bilateral agricultural trade, and on measures to facilitate and enhance such trade.

The Parties will endeavor to promote harmonious development of agricultural cooperation and mutual benefit in the field of plant production, animal husbandry and related areas. In order to ensure the development of economic

¹ TIAS 8967; 29 UST 2711.

relations, and to promote the flow of information, both Parties will, on a regular and timely basis, exchange data, forecasts and other information on production, utilization and trade of major agricultural commodities in their countries.

Joint activities for the promotion of economic contacts, and specification of the exchange of information will be determined by the two Parties in accordance with the agricultural policies of the respective countries and within the framework referred to in Article III.

ARTICLE II

In order to develop working relationships, both Parties will promote and facilitate joint activities and contacts between representatives of the parties and companies, associations, and educational and research institutions in both countries, and they will facilitate and promote joint research and exchange of information by agricultural researchers, specialists and scientific trainees.

Cooperative activities of mutual interest and benefit to the Parties may be identified by consultations between specialists associated with the Parties.

The Parties will also encourage training institutions, universities, private research organizations and cooperatives in each of their respective countries to undertake working contacts with similar entities located in the country of the other Party.

Scientific and technical cooperation between the Parties will be promoted according to the principles established under the relevant intergovernmental agreement.

Those entities referred to in Article II which cooperate with the Parties in carrying out the objectives of this Joint Statement will be allowed maximum latitude in carrying out programs of mutual benefit to the Parties.

ARTICLE III

In order to facilitate and promote cooperation between the Parties, the permanent Working Group on Agricultural Cooperation - co-chaired by representatives of the Parties - is confirmed under the Joint Statement, in accordance with the terms of reference attached to the Minutes of the Joint Economic and Commercial Committee signed in Budapest, March 9, 1979, [1] and with the Program of Cooperation and Exchanges in Culture, Education, Science and Technology signed October 25, 1979 [2] in Washington, D.C.

The Working Group will hold meetings annually at a mutually agreed date or if practical at the times of the session of the Joint Economic and Commercial Committee, to discuss the implementation of the objectives set out in the present Joint Statement.

The entities referred to in Article II shall regularly inform the Working Group about their joint activities. Representatives of the Working Group will be present to provide information at annual sessions of the Joint Economic and Commercial Committee. The executive agents of the Program of Cooperation and Exchanges in Culture, Education, Science and Technology will also be informed of the activities of the Working Group.

In order to maintain the continuity of activities, the Parties will regularly assess and evaluate the accomplishments of tasks specified in the Joint Statement. The mutually adopted program for cooperation and the results attained will be taken down in the official proceedings at the Working Group sessions.

ARTICLE IV

Subsequent to the signing of this Joint Statement, the Parties will develop their relations as specified. Cooperative activities will be undertaken in accordance with the laws of the two countries and as funds are available.

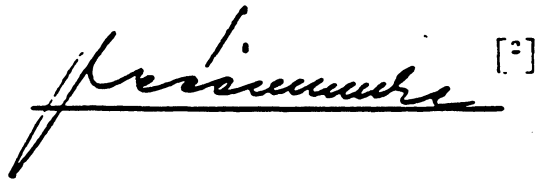
The Joint Statement will be effective for five years unless it is extended by mutual agreement. The Joint Statement may be made null and void six months after either Party's written notice. In the event of its recall, measures will be taken to complete ongoing activities.

Signed in Washington, D.C. May 13, 1981 in the English and Hungarian languages, each text being equally authentic.

For the Department of Agriculture
of the United States of America

 [1]

For the Ministry of Agriculture
and Food of the Hungarian
People's Republic

 [2]

HUNGARIAN PEOPLE'S REPUBLIC

Trade in Textiles: Consultations on Market Disruption

*Agreement effected by exchange of notes
Signed at Budapest February 12 and 18, 1976;
Entered into force February 18, 1976.*

*The American Ambassador to the Hungarian Minister for Foreign
Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

No. 46

BUDAPEST, February 12, 1976.

EXCELLENCY:

I have the honor to refer to Article 2 and Article 6 (Paragraph 3) of the Arrangement Regarding International Trade in Textiles^[1] (hereinafter called the Arrangement) and to the Agreement concerning trade in cotton textiles between our two countries signed on August 13, 1970 at Washington, as amended. [2]

As a result of the United States review of its bilateral agreements under Article 2 of the Arrangement and a mutual review of the textile trade between the Hungarian People's Republic and the United States of America by representatives of the two governments in Washington, July 7-8, 1975, I propose that the Agreement concerning trade in cotton textiles referred to above not be renewed.

Should exports of cotton, wool, and man-made fiber textiles and apparel products from Hungary to the United States develop in such a manner so as to cause or threaten to cause in the United States problems of market disruption as defined in the Arrangement, the Government of the United States of America reserves the right to request consultations with the Government of the Hungarian People's Republic. I further propose that the Government of the Hungarian People's Republic agree to respond within 30 days to such a request for consultations and to consult within 60 days thereafter (unless otherwise mutually agreed) to arrive at an early solution on mutually satisfactory terms in accordance with the provisions of the Arrangement.

¹ TIAS 7840; 25 UST 1005.

² TIAS 6947, 7230, 7878; 21 UST 2032; 22 UST 1857; 25 UST 1461.

If the foregoing proposal is acceptable to your government, this note and your Excellency's note of acceptance on behalf of the Government of the Hungarian People's Republic shall constitute an agreement between our two governments, effective on the date of your note of acceptance.

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

EUGENE MCAULIFFE

His Excellency
FRIGYES PUJA,
*Minister for Foreign Affairs,
Budapest.*

TIAS 8270

*The Hungarian Minister for Foreign Affairs to the American
Ambassador*

A MAGYAR NÉPKÖZTÁRSASÁG
KULGYMINISZTERIUMA [1]

Budapest, 18 February, 1976

818-1/1976

Excellency,

I have the honor to acknowledge receipt of your note of February 12, 1976. No. 46 referring to the termination of the Agreement Concerning Trade in Cotton Textiles between our two countries, signed on August 13, 1970, and to the discussions held in Washington between July 7-8, 1975, between the representatives of our two governments concerning the application of Article 2 and Article 6 /paragraph 3/ of the Arrangement Regarding International Trade in Textiles done at Geneva on December 20, 1973.

I have the honor to confirm on behalf of the Government of the Hungarian People's Republic that the above mentioned note and this reply constitute an agreement between our two governments relating to trade in textiles between the Hungarian People's Republic and the United States of America.

Please, accept Excellency the assurances of my highest consideration.


/ Frigyes Pujá /

His Excellency
Eugene McAuliffe
Ambassador of the United States
of America

B u d a p e s t

¹ In translation reads: "The Hungarian People's Republic
Ministry of Foreign Affairs".

TIAS 8270

TRADE IN TEXTILES

**Agreement Between the
UNITED STATES OF AMERICA
and the HUNGARIAN PEOPLE'S REPUBLIC**

**Effected by Exchange of Letters
Signed at Budapest February 15 and 25, 1983**

HUNGARIAN PEOPLE'S REPUBLIC

Trade in Textiles

*Agreement effected by exchange of letters
Signed at Budapest February 15 and 25, 1983;
Entered into force February 25, 1983;
Effective October 1, 1982.*

(1)

TIAS 10666

*The American Ambassador to the Hungarian Minister for Foreign
Trade*

Budapest, Hungary

February 15, 1983

Dear Mr. Minister:

I have the honor to refer to the arrangement regarding international trade in textiles (hereinafter referred to as "The Arrangement"), done at Geneva on December 20, 1973 and as extended by the protocol adopted on December 22, 1981.^[1]

I also refer to discussions held in Budapest from October 18 to October 20, 1982 and in Washington January 25-26 between representatives of the Government of the United States of America and the Government of the Hungarian People's Republic (hereinafter referred to as Hungary), concerning exports to the United States of wool textile products manufactured in Hungary. As a result of these discussions, I propose on behalf of the Government of the United States of America, under Article 4 of, and in conformity with, "The Arrangement", the following agreement relating to trade in wool textiles products between Hungary and the United States of America.

1. The term of the agreement shall be from October 1, 1982 to December 31, 1986 for categories 443 and 444, and from January 1, 1983 to December 31, 1986 for category 433. Each "agreement year" shall be a twelve-month period, beginning on January 1 and ending on December 31, except that the first "agreement year" for categories 443 and 444 shall be a fifteen-month period beginning on October 1, 1982 and ending on December 31, 1983.

2. The categories of textile products covered by the agreement and the rates of conversion into square yards

equivalent are set out in Annex A in accordance with the "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated," published by the United States Department of Commerce. The determination of whether a textile product is of wool shall be made in accordance with the terms of paragraph 6.

3. During the term of the agreement, the Government of Hungary shall limit annual exports from Hungary to the United States of America of the textile products of Hungarian origin listed in Annex A, to the specific limits set forth in Annex B hereto, as such limits may be adjusted in accordance with paragraphs 4 and 5, subject to the provisions of paragraph 4 (B). The limits set out in Annex B are without such adjustments. Exports are subject to limits for the year in which exported.

4. (A) During any agreement year, a specific limit set out in Annex B, other than that of category 433, may be exceeded by not more than five percent of its square yards equivalent limit as calculated on the basis of the conversion factor set out in Annex A, provided that the amount of the increase is compensated for by an equivalent decrease in another specific limit, other than that of category 433. When requesting use of the provisions of this paragraph, the Government of Hungary will indicate the category to be decreased by the commensurate quantity.

(B) In the case of category 433, the limit in Annex B includes all adjustments pursuant to this paragraph.

5. (A) In any agreement year, in addition to any adjustment pursuant to paragraph 4, exports may exceed by a maximum of 11 percent any limit set out in Annex B by allocating to such limit for that agreement year an unused portion of the corresponding limit for the previous agreement year ("carryover") or a portion of the corresponding limit for the succeeding agreement year ("carryforward") subject to the following conditions:

(1) Carryover may be utilized as available

(subject to paragraph 5 (B)) up to 11 percent of the receiving agreement year's applicable limit. No carryover shall be available for application during the first agreement year.

(2) Carryforward may be utilized up to six percent of the receiving agreement year's applicable limit. Carryforward used shall be charged against the immediately following agreement year's corresponding limit. No carryforward shall be available for application during the fourth agreement year.

(3) The combination of carryover and carryforward shall not exceed eleven percent of the receiving agreement year's applicable limit in any agreement year.

(B) For purposes of the agreement, a shortfall occurs when exports of textiles or textile products from Hungary to the United States of America during an agreement year are below any applicable specific limits as set out in Annex B. In the agreement year following the shortfall, such exports from Hungary to the United States of America may be permitted to exceed the applicable limits, subject to conditions of sub-paragraph 5 (A), by carryover of shortfall in the following manner.

(1) The carryover shall not exceed the amount of shortfall in any applicable limit; and

(2) The shortfall shall be used in the category in which the shortfall occurred.

6. Textile products listed in Annex A hereto (being products which derive their chief characteristics from their textile components) of wool or a blend of wool, cotton and/or man-made fiber materials, in which the wool component comprises the chief value of the fibers or 17 percent or more by weight of the product, are subject to the agreement.

7. (A) The Government of the United States of America may assist the Government of Hungary in implementing the limitation provisions of the agreement by controlling its imports of the textile products covered by the agreement.

(B) Exports from Hungary in excess of authorized limits in any agreement period may be denied entry into the United States. Any such shipments denied entry may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement period.

(C) Exports from Hungary in excess of authorized limits in any agreement year will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

8. The Government of the United States of America shall promptly supply the Government of Hungary with monthly data on imports of textile products subject to this agreement, and the Government of Hungary shall promptly supply the Government of the United States of America with quarterly data on exports of such products to the United States. Each government agrees to supply promptly any other pertinent and readily available statistical data requested by the other government.

9. The Government of the United States of America and the Government of Hungary agree to consult on any question arising in the implementation of this agreement.

10. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this agreement, including differences in procedure or operation.

11. If the Government of Hungary considers that, as a result of a limitation specified in this agreement, Hungary is being placed in an inequitable position vis-a-vis a third country, the Government of Hungary may request consultations with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of the agreement.

12. For the duration of the agreement, the Government of the United States of America shall not invoke the

procedures of Article 3 of the arrangement to request restraints on the export from Hungary of textiles covered by Annex A of the agreement. The Government of the United States of America and the Government of Hungary reserve their rights under the arrangement with respect to textiles and textile products not subject to this agreement.

13. Either government may terminate the agreement effective at the end of any agreement year by written notice to the other government to be given at least ninety days prior to the end of such agreement year. Either government may at any time propose revisions in the terms of the agreement.

If the foregoing proposal is acceptable to the Government of Hungary, this letter and your letter of acceptance on behalf of the Government of Hungary shall constitute an agreement between the Government of the United States of America and the Government of Hungary, effective from October 1, 1982.

Sincerely,


Harry B. Beegold, Jr.
Ambassador

His Excellency
Peter Veress
Minister for Foreign Trade of the
Hungarian People's Republic

Annex A

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u>	<u>Unit of Measure*</u>
433	Suit-type coats, M and B	36.0	dozen
443	Suits, M and B	54.0	dozen
444	Suits, W, G and I	54.0	dozen

Annex B

<u>Category</u>	<u>Unit*</u>	<u>Calendar Year</u>			
		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
433 A	dozen	7,350	7,424	7,498	7,573

<u>Category</u>	<u>Unit*</u>	<u>Oct. 1, 1982- Dec. 31, 1983</u>	<u>Calendar Year</u>		
			<u>1984</u>	<u>1985</u>	<u>1986</u>
443 B	dozen	8,740	7,062	7,133	7,204
444 B	dozen	6,209	5,017	5,067	5,118

"A" includes annual growth and intercategory flexibility (swing).

"B" includes annual growth; does not include intercategory flexibility (swing).

* One dozen consists of twelve pieces.

*The Hungarian Minister for Foreign Trade to the American
Ambassador*



HUNGARIAN PEOPLE'S REPUBLIC
MINISTER OF FOREIGN TRADE

Budapest, February 25, 1983

Dear Mr. Ambassador:

I have the honor to acknowledge receipt of your letter dated February 15, 1983 proposing an agreement relating to trade in wool textile products between the Government of the Hungarian People's Republic and the Government of the United States, which reads as follows:

[For the text of the U.S. letter, see pp. 2-7.]

I have the honor to confirm on behalf of the Government of the Hungarian People's Republic that the foregoing proposal is acceptable to the Government of the Hungarian People's Republic and that your letter and my reply thereto shall constitute an agreement between the Government of the Hungarian People's Republic and the Government of the United States, effective from October 1, 1982.

Sincerely,


Péter Veress

Minister of Foreign Trade of the
Hungarian People's Republic

His Excellency
Harry E. Bergold, Jr.
Ambassador of the United States
of America
Budapest

INVESTMENT GUARANTY AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE HUNGARIAN
PEOPLE'S REPUBLIC

The Government of the United States of America and the Government of the Hungarian People's Republic, desiring to encourage economic activities in the Hungarian People's Republic which promote the development of the economic resources and productive capacities of the Hungarian People's Republic and to provide for investment insurance (including reinsurance) and guaranties which are backed in whole or in part by the credit or public monies of the United States of America and are administered either directly by the Overseas Private Investment Corporation ("OPIC"), an independent government corporation organized under the laws of the United States of America, or pursuant to arrangements between OPIC and commercial insurance, reinsurance and

ARTICLE 1

As used herein, the term "Coverage" shall refer to any investment insurance, reinsurance or guaranty which is issued in accordance with this Agreement by OPIC, by any successor agency of the United States of America or by any other entity or group of entities, pursuant to arrangements with OPIC or any successor agency, all of whom are hereinafter deemed included in the term "Issuer" to the extent of their interest as insurer, reinsurer, or guarantor in any Coverage, whether as a party or successor to a contract providing Coverage or as an agent for the administration of Coverage. OPIC, or any successor agency, shall serve at all times as representative of the Issuer in its dealings with the Government of the Hungarian People's Republic.

ARTICLE 2

The procedures set forth in this Agreement shall apply only with respect to Coverage or direct loans relating to projects or activities registered with or otherwise approved by the Hungarian People's Republic or to Coverage or direct loans relating to projects with respect to which the Hungarian People's Republic, or any agency or political subdivision thereof, has entered into a contract involving the provision of goods or services or invited tenders on such a contract.

ARTICLE 3

(a) If the Issuer makes payment to any party under Coverage, the Government of the Hungarian People's Republic shall, subject to the provisions of Article 4 hereof, recognize the transfer to the Issuer of any currency, credits, assets, or investment on account of which payment under such Coverage is made as well as the succession of the Issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

(b) The Issuer shall assert no greater rights than those of the transferring party under Coverage with respect to any interests transferred or succeeded to under this Article.

(c) The issuance of Coverage outside of the Hungarian People's Republic with respect to a project or activity in the Hungarian People's Republic shall not subject the Issuer to regulation under the laws of the Hungarian People's Republic applicable to insurance or financial organizations.

(d) Interest and fees on loans made or guaranteed by the Issuer shall be exempt from tax in the Hungarian People's Republic. The Issuer shall not be subject to tax in the Hungarian People's Republic as a result of any

transfer or succession which occurs pursuant to Article 3(a) hereof. Tax treatment of other transactions conducted by the Issuer in the Hungarian People's Republic shall be determined by applicable law or specific agreement between the Issuer and appropriate fiscal authorities of the Government of the Hungarian People's Republic.

ARTICLE 4

To the extent that the laws of the Hungarian People's Republic partially or wholly invalidate or prohibit the acquisition from a party under Coverage of any interest in any property within the territory of the Hungarian People's Republic by the Issuer, the Government of the Hungarian People's Republic shall permit such party and the Issuer to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Hungarian People's Republic.

ARTICLE 5

Amounts in the lawful currency of the Hungarian People's Republic, including credits thereof, acquired by the Issuer by virtue of such Coverage shall be accorded

treatment by the Government of the Hungarian People's Republic no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of the party under Coverage.

Such amounts and credits may be transferred by the Issuer to any person or entity and upon such transfer shall be freely available for use in accordance with local law by such person or entity in the territory of the Hungarian People's Republic.

The same treatment, and right of transfer and disposition, shall be accorded to any amounts and credits in the lawful currency of the Hungarian People's Republic which may be accepted by the Issuer in settlement of obligations with respect to loans made by the Issuer for projects in the Hungarian People's Republic.

ARTICLE 6

(A) Nothing in this Agreement shall limit the right of the Government of the United States of America to assert a claim under international law in its sovereign capacity, as distinct from any rights it may have as Issuer.

(B) Any dispute between the Government of the United States of America and the Government of the Hungarian People's Republic regarding the interpretation of this Agreement or which, in the opinion of one of the

... Governments, involves a question of public international law arising out of any project or activity for which Coverage has been issued shall be resolved, insofar as possible, through negotiations between the two Governments. If at the end of three months following the request for negotiations the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of public international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with Article 7.

ARTICLE 7

The arbitral tribunal for resolution of disputes pursuant to Article 6(b) shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a president by common agreement who shall be a citizen of a third state and be appointed by the two Governments. The arbitrator shall be appointed within two months and the president within three months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request

the Secretary-General of the International Centre for the Settlement of Investment Disputes to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) Each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal; the expenses of the president and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

ARTICLE 8

This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be

a party to the Agreement. In such event, the provisions of the Agreement with respect to Coverage issued while the Agreement was in force shall remain in force for the duration of such Coverage, but in no case longer than twenty years after the ^{termination} ~~denunciation~~ of the Agreement.

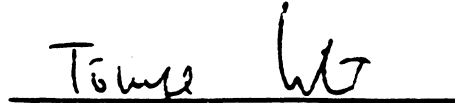
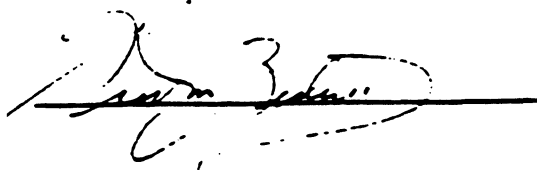
This Agreement shall enter into force on the date on which each government shall have notified the other that its constitutional or other legal requirements with respect to this agreement have been fulfilled.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective governments, have signed this Agreement.

Done at Budapest in duplicate, on the ninth day of October, one thousand nine hundred eighty-nine.

For the Government of
THE UNITED STATES OF AMERICA

For the Government of
THE HUNGARIAN PEOPLE'S REPUBLIC



HUNGARIAN PEOPLE'S REPUBLIC

Double Taxation: Taxes on Income

*Convention, with exchange of notes, signed at Washington
February 12, 1979;*

*Ratification advised by the Senate of the United States of
America July 9, 1979;*

*Ratified by the President of the United States of America
August 7, 1979;*

Ratifications exchanged at Budapest September 18, 1979;

*Proclaimed by the President of the United States of America
November 28, 1979;*

Entered into force September 18, 1979.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

CONSIDERING THAT:

The Convention between the Government of the United States of America and the Government of the Hungarian People's Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed at Washington on February 12, 1979, together with a related exchange of notes, the texts of which are hereto annexed;

The Senate of the United States of America by its resolution of July 9, 1979, two-thirds of the Senators present concurring therein, gave its advice and consent to ratification of the Convention and related exchange of notes;

The Convention and related exchange of notes were ratified by the President of the United States of America on August 7, 1979, in pursuance of the advice and consent of the Senate, and was approved on the part of the Hungarian People's Republic;

The parties notified one another at Budapest on September 18, 1979, that their respective constitutional requirements had been met, and accordingly the Convention, with related exchange of notes, entered into force on September 18, 1979, effective as specified in Article 25;

Now, THEREFORE, I, Jimmy Carter, President of the United States of America, proclaim and make public the Convention with related

(6257)

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exchange of notes, to the end that they be observed and fulfilled with good faith on and after September 18, 1979, by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have signed this proclamation and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington this twenty-eighth day of November in the year of our Lord one thousand nine hundred seventy-
[SEAL] nine and of the Independence of the United States of America the two hundred fourth.

JIMMY CARTER

By the President:

CYRUS VANCE

Secretary of State

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CONVENTION BETWEEN THE GOVERNMENT OF THE
UNITED STATES OF AMERICA AND THE GOVERNMENT
OF THE HUNGARIAN PEOPLE'S REPUBLIC FOR THE
AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION
OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the United States of America and the Government of the Hungarian People's Republic, desiring to further expand and facilitate mutual economic relations, have resolved to conclude a convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, and have agreed as follows:

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Article 1

PERSONAL SCOPE

1. This Convention shall apply to persons who are residents of one or both of the Contracting States, except as otherwise provided in this Convention.
2. Notwithstanding any provision of this Convention except paragraph 3 of this Article, a Contracting State may tax its residents (as determined under Article 4 (Fiscal Domicile)) and citizens (including, in the case of the United States, former citizens) as if this Convention had not come into effect.
3. The provisions of paragraph 2 shall not affect:
 - a) the benefits conferred by a Contracting State under paragraph 2 of Article 15 (Pensions), Articles 20 (Relief from Double Taxation), 21 (Non-discrimination), and 22 (Mutual Agreement Procedure); and
 - b) the benefits conferred by a Contracting State under Articles 16 (Government Service), 17 (Teachers), 18 (Students and Trainees) and 24 (Effect of Convention on Diplomatic and Consular Officials, Domestic Laws, and Other Treaties), upon individuals who are neither citizens of, nor have immigrant status in, that State.

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Article 2

TAXES COVERED

1. This Convention shall apply to taxes on income imposed on behalf of each Contracting State.
2. The existing taxes to which this Convention shall apply are:
 - a) In the case of the United States, the Federal income taxes imposed by the Internal Revenue Code [1] and the excise taxes imposed on insurance premiums paid to foreign insurers and with respect to private foundations, but excluding the accumulated earnings tax and the personal holding company tax.
 - b) In the case of the Hungarian People's Republic:
 - i) The general income tax,
 - ii) The income tax on intellectual activities,
 - iii) The profit tax,
 - iv) The profit tax on economic associations with foreign participation,
 - v) The enterprises special tax,
 - vi) The levy on dividends and profit distributions of commercial companies,
 - vii) The profit tax on state-owned enterprises, and
 - viii) The contribution to communal development, but only to the extent imposed in respect of income taxes covered by this Convention.
3. The Convention shall apply also to any identical or substantially similar taxes which are imposed by a Contracting State after the date of signature of this Convention in addition to, or in place of, the

[1] 68A Stat. 8; 26 U.S.C. §§ 1-9023.

existing taxes. The competent authorities of the Contracting States shall notify each other of any changes which have been made in their respective taxation laws and shall notify each other of any official published material concerning the application of this Convention, including explanations, regulations, rulings, or judicial decisions.

4. For the purpose of Article 21 (Non-discrimination), this Convention shall also apply to taxes of every kind and description imposed by a Contracting State or a political subdivision or local authority thereof. For the purpose of Article 23 (Exchange of Information), this Convention shall also apply to taxes of every kind imposed by a Contracting State.

Article 3

GENERAL DEFINITIONS

1. In this Convention, unless the context otherwise requires:
 - a) The term "person" includes an individual, a partnership, a company or juridical person, an estate, a trust, and any other body of persons;
 - b) The term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
 - c) The terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

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- d) The term "nationals" means:
- i) All individuals possessing the citizenship of a Contracting State, and
 - ii) All legal persons, partnerships and associations deriving their status as such from the law in force in a Contracting State;
- e) The term "international traffic" means any transport by a ship or aircraft, except where such transport is solely between places in the other Contracting State;
- f) The term "competent authority" means:
- i) In the case of the United States, the Secretary of the Treasury or his delegate, and
 - ii) In the case of the Hungarian People's Republic, the Minister of Finance or his delegate;
- g) i) The term "United States" means the United States of America, and
- ii) When used in a geographical sense, the term "United States" does not include Puerto Rico, the Virgin Islands, Guam, or any other United States possession or territory; and
- h) The term "Hungarian People's Republic", when used in a geographical sense, means the territory of the Hungarian People's Republic.

2. As regards the application of this Convention by a Contracting State any term not otherwise defined shall, unless the context otherwise requires and subject to the provisions of Article 22 (Mutual Agreement Procedure), have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Convention.

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Article 4

FISCAL DOMICILE

1. For purposes of this Convention, the term "resident of a Contracting State" means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, citizenship, place of management, place of incorporation, or any other criterion of a similar nature; provided, however, that:

- a) this term does not include any person who is liable to tax in that Contracting State in respect only of income from sources therein or capital situated in that State; and
- b) in the case of income derived or paid by a partnership, estate, or trust, this term applies only to the extent that the income derived by such partnership, estate, or trust is subject to tax as the income of a resident of the Contracting State, either in its hands or in the hands of its partners or beneficiaries.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then the individual's tax status shall be determined as follows:

- a) The individual shall be deemed to be a resident of the Contracting State in which the individual has a permanent home available to him. If the individual has a permanent home available to him in both Contracting States or in neither Contracting State, the individual shall be deemed to be a resident of the Contracting State in which the individual's center of vital interests is located;

- b) If the Contracting State in which the individual's center of vital interests is located cannot be determined, the individual shall be deemed to be a resident of that Contracting State in which the individual has an habitual abode;
 - c) If the individual has an habitual abode in both Contracting States or in neither of them, the individual shall be deemed to be a resident of the Contracting State of which the individual is a national; and
 - d) If the individual is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1 a company is a resident of both Contracting States, then if it is created or organized under the laws of a Contracting State or a political subdivision thereof, it shall be treated as a resident of that State.
4. Where by reason of the provisions of paragraph 1 a person other than an individual or a company is a resident of both Contracting States, the competent authorities of the Contracting States shall by mutual agreement endeavor to settle the question and to determine the mode of application of the Convention to such person.
5. For purposes of this Convention, an individual who is a national of a Contracting State shall also be deemed to be a resident of that State if (a) the individual is an employee of that State or an instrumentality thereof in the other Contracting State or in a third State; (b) the individual is engaged in the performance of governmental functions for the first-mentioned State; and (c) the individual is

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subjected in the first-mentioned State to the same obligations in respect of taxes on income as are residents of the first-mentioned State. The spouse and minor children residing with the employee and subject to the requirements of (c) above shall also be deemed to be residents of the first-mentioned State.

Article 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business or production through which the activities of an enterprise are wholly or partly carried on.
2. The term "permanent establishment" shall include especially:
 - a) a place of management;
 - b) a branch;
 - c) an office;
 - d) a factory;
 - e) a workshop; and
 - f) a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources.
3. A building site or construction or installation project, or an installation or drilling rig or ship used for the exploration or development of natural resources, shall constitute a permanent establishment only if it lasts more than 24 months.
4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:
 - a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

- b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
- e) the maintenance of a fixed place of business solely for the purpose of carrying on for the enterprise any other activity if it has a preparatory or auxiliary character; and
- f) the maintenance of a fixed place of business solely for any combination of the activities mentioned in subparagraphs a) to e) of this paragraph.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise and has, and habitually exercises in a Contracting State, an authority to conclude contracts in the name of such enterprise, that enterprise shall be deemed to have a permanent establishment in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised at a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on

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business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 6

INCOME FROM IMMOVABLE PROPERTY (REAL PROPERTY)

1. Income derived by a resident of a Contracting State from immovable property (real property) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

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4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7

BUSINESS PROFITS

1. The business profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the business profits of the enterprise may be taxed in that other State but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the business profits which it might be expected to make if it were a distinct and independent enterprise engaged in the same or similar activities under the same or similar conditions.

3. In the determination of the business profits of a permanent establishment, there shall be allowed as deductions those expenses which are incurred for the purposes of the permanent establishment, including a reasonable allocation of executive and general administrative expenses, research and development expenses, interest, and other expenses incurred for the purposes of the enterprise as a whole (or the

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part thereof which includes the permanent establishment), whether incurred in the State in which the permanent establishment is situated or elsewhere.

4. No business profits shall be attributed to a permanent establishment by reason of:

- a) the mere purchase by that permanent establishment of goods or merchandise for the enterprise, or
- b) the mere delivery to the permanent establishment of goods or merchandise for its use.

5. Where business profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8

SHIPPING AND AIR TRANSPORT

1. Profits of an enterprise of a Contracting State from the operation in international traffic of ships or aircraft shall be taxable only in that State.

2. For purposes of this Article, profits from the operation of ships or aircraft in international traffic include profits derived from the rental on a full or bareboat basis of ships or aircraft operated in international traffic if such rental profits are incidental to other profits described in paragraph 1.

3. Profits of an enterprise of a Contracting State from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of

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goods or merchandise in international traffic shall be taxable only in that State.

4. The provisions of this Article shall also apply where the enterprise has an agency in the other State for the transportation of goods or persons, but only to the extent of activities directly connected with the business of shipping and aircraft transportation, including auxiliary activities connected therewith.

Article 9

DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:

- a) 5 percent of the gross amount of the dividends if the beneficial owner is a company which owns, directly or indirectly, at least 10 percent of the voting stock of the company paying the dividends;
- b) in all other cases, 15 percent of the gross amount of the dividends.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from

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shares or other rights, not being debt-instruments, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the taxation law of the State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State, of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article 7 (Business Profits) or Article 13 (Independent Personal Services), as the case may be, shall apply.

5. Where a company is a resident of a Contracting State, the other Contracting State may not impose any tax on the dividends paid by the company, except insofar as

- a) such dividends are paid to a resident of that other State,
- b) the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, or
- c) such dividends are paid out of profits attributable to a permanent establishment which such company had in that other State, provided that at least 50 percent of such company's gross income from all sources was attributable to a permanent establishment which such company had in that other State.

Where subparagraph c) applies and subparagraphs a) and b) do not apply, any such tax shall be subject to the limitations of paragraph 2.

Article 10

INTEREST

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.
2. The term "interest" as used in this Convention means income from debt-claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums or prizes attaching to bonds or debentures.
3. The provisions of paragraph 1 shall not apply if the person deriving the interest, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article 7 (Business Profits) or Article 13 (Independent Personal Services), as the case may be, shall apply.

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Article 11

ROYALTIES

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.
2. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work, including cinematographic films or films or tapes used for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or other like right or property, or for information concerning industrial, commercial or scientific experience.
3. The provisions of paragraph 1 shall not apply if the person deriving the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such a case the provisions of Article 7 (Business Profits) or Article 13 (Independent Personal Services), as the case may be, shall apply.

Article 12

CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property, as defined in paragraph 2 of Article

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6 (Immovable Property), situated in the other Contracting State may be taxed in that other State.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State. However, gains derived by an enterprise of a Contracting State from the alienation of ships, aircraft or containers operated by such enterprise in international traffic shall be taxable only in that State.

3. Gains from the alienation of any property other than those mentioned in paragraphs 1 and 2, shall be taxable only in the Contracting State of which the alienator is a resident.

Article 13

INDEPENDENT PERSONAL SERVICES

1. Income derived by an individual who is a resident of a Contracting State from the performance of personal services in an independent capacity shall be taxable only in that State unless such services are performed in the other Contracting State and

- a) the individual is present in that other State for a period or periods aggregating more than 183 days in the taxable year concerned, or

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- b) the individual has a fixed base regularly available to him in that other State for the purpose of performing his activities, but only so much of the income as is attributable to that fixed base.

2. The term "personal services" includes, especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists, artistes, athletes and accountants.

Article 14

DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of Articles 15 (Pensions) and 16 (Government Service), salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:
 - a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the taxable year concerned, and
 - b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and

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- c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.
3. Notwithstanding the preceding provisions of this Article, remuneration in respect of an employment as a member of the regular complement of a ship or aircraft operated by an enterprise of a Contracting State in international traffic may be taxed only in that Contracting State.

Article 15

PENSIONS

Subject to the provisions of paragraph 2 of Article 16 (Government Services).

1. pensions and other similar remuneration beneficially derived by a resident of a Contracting State in consideration of past employment shall be taxable only in that State, and
2. social security payments and other public pensions paid by a Contracting State to an individual who is a resident of the other Contracting State or a citizen of the United States shall be taxable only in the first-mentioned Contracting State.

Article 16

GOVERNMENT SERVICE

1. a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to any individual in respect of services rendered to

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- that State or subdivision or local authority thereof shall be taxable only in that State.
- b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the recipient is a resident of that other Contracting State who:
- i) is a national of that State; or
 - ii) did not become a resident of that State solely for the purpose of performing the services.
2. a) Any pension paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to any individual in respect of services rendered to that State or subdivision or local authority thereof shall be taxable only in that State.
- b) However, such pension shall be taxable only in the other Contracting State if the recipient is a national of and a resident of that State.
3. The provisions of Articles 13 (Independent Personal Services), 14 (Dependent Personal Services), and 15 (Pensions), as the case may be, shall apply to remuneration and pensions in respect of services rendered in connection with any business carried on by a Contracting State or a political subdivision or a local authority thereof.

Article 17

TEACHERS

1. Where a resident of one of the Contracting States is invited by the Government of the other Contracting State, a political subdivision

or a local authority thereof, or by a university or other recognized educational institution in that other Contracting State to come to that other Contracting State for a period not expected to exceed 2 years for the purpose of teaching or engaging in research, or both, at a university or other recognized educational institution, and such resident comes to that other Contracting State primarily for such purpose, his income from personal services for teaching or research at such university or educational institution shall be exempt from tax by that other Contracting State for a period not exceeding 2 years from the date of his arrival in that other Contracting State.

2. This Article shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

Article 18

STUDENTS AND TRAINEES

1. Payments which a student, apprentice or business trainee who is, or was immediately before visiting a Contracting State, a resident of the other Contracting State and who is present in the first-mentioned Contracting State for the purpose of his full-time education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State provided that such payments are made to him from sources outside that State.

2. An individual to whom paragraph 1 applies may elect to be treated for tax purposes as a resident of the first-mentioned State. The election shall apply to all periods during the taxable year of the election and subsequent taxable years during which the individual

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qualifies under paragraph 1, and may not be revoked except with the consent of the competent authority of that State.

Article 19

ALL OTHER INCOME

Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

Article 20

RELIEF FROM DOUBLE TAXATION

1. In the case of the United States, double taxation shall be avoided as follows: In accordance with the provisions and subject to the limitations of the law of the United States (as it may be amended from time to time without changing the general principle hereof), the United States shall allow to a resident or citizen of the United States as a credit against the United States tax on income the appropriate amount of tax paid to the Hungarian People's Republic; and, in the case of a United States company owning at least 10 percent of the voting stock of a company which is a resident of the Hungarian People's Republic from which it receives dividends in any taxable year, the United States shall allow as a credit against the United States tax on income the appropriate amount of income tax paid to the Hungarian People's Republic by that company with respect to the profits out of which such dividends are paid. Such appropriate amount shall be based upon the amount of income tax paid to the Hungarian People's Republic, but the

credit shall not exceed the limitations (for the purpose of limiting the credit to the United States tax on income from sources outside of the United States) provided by United States law for the taxable year. For purposes of applying the United States credit in relation to tax paid to the Hungarian People's Republic, the taxes referred to in paragraphs 2 b) and 3 of Article 2 (Taxes Covered) shall be considered to be income taxes.

2. In the case of the Hungarian People's Republic, double taxation shall be avoided as follows:

- a) Where a resident of the Hungarian People's Republic:
 - i) derives income which, in accordance with the provisions of this Convention other than paragraph 2 of Article 1 (Personal Scope), may be taxed in the United States, or
 - ii) derives income from sources within the United States which may be taxed only by reason of paragraph 2 of Article 1 (Personal Scope),the Hungarian People's Republic shall, subject to the provisions of subparagraphs b) and c), exempt such income from tax.
- b) Where a resident of the Hungarian People's Republic derives items of income which, in accordance with the provisions of paragraph 2 of Article 9, may be taxed in the United States, the Hungarian People's Republic shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in the United States. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from the United States.

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- c) Where in accordance with any provision of the Convention income derived by a resident of the Hungarian People's Republic is exempt from tax in the Hungarian People's Republic, the Hungarian People's Republic may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

Article 21

NON-DISCRIMINATION

1. The nationals of a Contracting State, whether or not they are residents of one of the Contracting States, shall not be subjected in the other State to any taxation or any requirement connected therewith, which is more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected. For purposes of the preceding sentence, nationals who are subject to tax by a Contracting State on worldwide income are not in the same circumstances as nationals who are not so subject.
2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This Article shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. Interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State

shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

5. In this Article the term "taxation" means taxes of every kind and description imposed by a Contracting State or a political subdivision or local authority thereof.

Article 22

MUTUAL AGREEMENT PROCEDURE

1. Where a resident or national of a Contracting State considers that the actions of one or both of the Contracting States result or will result for it in taxation not in accordance with this Convention, it may, notwithstanding the remedies provided by the national laws of those States, present its case to the competent authority of the Contracting State of which it is a resident or national.

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2. The competent authority shall endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State with a view to the avoidance of taxation not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the national laws of the Contracting States.
3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.
4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.
5. The competent authorities of the Contracting States may prescribe regulations to carry out the purposes of this Convention.

Article 23

EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention or of the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is not contrary to this Convention. The exchange of information is not restricted by Article 1 (Personal Scope). Any information received by a Contracting State shall be treated as secret in the same manner as

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information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes which are the subject of the Convention. Such persons or authorities shall use the information only for such purposes. These persons or authorities may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- b) to supply particulars which are not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (*ordre public*).

3. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall obtain the information to which the request relates in the same manner and to the same extent as if the tax of the first-mentioned State were the tax of that other State and were being imposed by that other State. If specifically requested by the competent authority of a Contracting State, the competent authority of the other Contracting State shall provide information under this Article in the form of depositions of

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witnesses and copies of unedited original documents (including books, documents, statements, records, accounts, or writings), to the same extent such depositions and documents can be obtained under the laws and administrative practices of such other State with respect to its own taxes.

Article 24

**EFFECT OF CONVENTION ON DIPLOMATIC AND CONSULAR
OFFICIALS, DOMESTIC LAWS, AND OTHER TREATIES**

1. Nothing in this Convention shall affect the taxation privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.
2. This Convention shall not restrict in any manner any exclusion, exemption, deduction, credit, or other allowance now or hereafter accorded—
 - a) by the laws of either Contracting State, or
 - b) by any other agreement between the Contracting States.

Article 25

ENTRY INTO FORCE

1. This Convention shall be subject to ratification or approval in accordance with the applicable procedures of the Governments of the Contracting States and it shall enter into force as soon as the parties have notified one another that their respective constitutional requirements have been met.
2. The provisions of this Convention shall have effect:

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- a) In respect of tax withheld at the source, to amounts paid or credited on or after the first day of the second month next following the date on which this Convention enters into force.
- b) In respect of other taxes, to taxable periods beginning on or after the first day of January next following the date on which this Convention enters into force.

Article 26

TERMINATION

This Convention shall remain in force until terminated by the Government of one of the Contracting States. The Government of either Contracting State may terminate the Convention at any time after 5 years from the date on which this Convention enters into force provided that at least 6 months' prior notice of termination has been given through diplomatic channels. In such event, the Convention shall cease to have effect:

1. In respect of tax withheld at the source, to amounts paid or credited on or after the first day of January next following the expiration of the 6 months' period;
2. In respect of other taxes, to taxable periods beginning on or after the first day of January next following the expiration of the 6 months' period.

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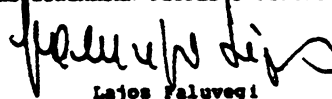
DONE at Washington in duplicate, both in the English and Hungarian languages, the two texts having equal authenticity, this 12th day of February 1979.

FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA:



W. Michael Blumenthal
Secretary of the Treasury

FOR THE GOVERNMENT OF
THE HUNGARIAN PEOPLE'S REPUBLIC:



Lajos Faluvegi
Minister of Finance

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LATVIA

MOST-FAVORED-NATION TREATMENT IN CUSTOMS MATTERS

Provisional agreement signed at Riga February 1, 1926
Latvian ratification notified to the United States April 30, 1926
Entered into force April 30, 1926
Modified by notes of July 10 and 11, 1951¹

Treaty Series 740

PROVISIONAL COMMERCIAL AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND LATVIA

The Undersigned,

Mr. F. W. B. Coleman, Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Latvia, and

Mr. K. Ulmanis, Prime Minister of Latvia, desiring to confirm and make a record of the understanding which they have reached through recent conversations on behalf of their respective Governments with reference to the treatment which the United States shall accord to the commerce of Latvia and which Latvia shall accord to the commerce of the United States, have signed this Provisional Agreement:

§ 1

It is understood that in respect of import and export duties and all other duties and all other charges affecting commerce, as well as in respect to transit, warehousing and other facilities and the treatment of commercial travellers' samples, the United States will accord to Latvia, and Latvia will accord to the United States, its territories and possessions, unconditional most favored nation treatment, and that in the matter of licensing or prohibitions of imports or exports each country so far as it at any time maintains such a system will accord to the commerce of the other treatment as favorable with respect to commodities, valuations and quantities as may be accorded to the commerce of any other country.

¹ Not printed. The Latvian Chargé d'Affaires, in his note of July 11, 1951, acquiesced in the application of controls by the United States Government to trade between the United States and Latvia while that country is under Soviet control.

§ 2

It is understood that no higher or other duties shall be imposed on the importation into or disposition in the United States, its territories or possessions, of any articles the produce or manufacture of Latvia than are or shall be payable on like articles the produce or manufacture of any foreign country.

§ 3

It is understood that no higher or other duties shall be imposed on the importation into or disposition in Latvia of any articles the produce or manufacture of the United States, its territories or possessions, than are or shall be payable on like articles the produce or manufacture of any foreign country.

§ 4

It is understood that similarly no higher or other duties shall be imposed in the United States, its territories or possessions, or in Latvia, on the exportation of any article to the other or to any territory or possession of the other than are payable on the exportation of like articles to any foreign country.

§ 5

It is understood that every concession with respect to any duty, charge or regulation affecting commerce now accorded or that may hereafter be accorded by the United States or by Latvia by law, proclamation, decree, or commercial treaty or agreement, to the products of any third country will become immediately applicable without request and without compensation to the commerce of Latvia and of the United States and its territories and possessions, respectively.

§ 6

This understanding does not relate to:

A. The treatment which the United States accords or may hereafter accord to the commerce of Cuba or any of the territories or possessions of the United States, or the Panama Canal Zone, or to the treatment which is or may hereafter be accorded to the commerce of the United States with any of its territories or possessions, or to the commerce of its territories or possessions with one another.

B. The treatment which Latvia has accorded or may accord to the commerce of Estonia, Finland, Lithuania or Russia so long as any advantages arising from such treatment are not accorded by Latvia to the commerce of states other than Estonia, Finland, Lithuania and Russia.

C. Prohibitions or restrictions of a sanitary character or designed to protect human, animal or plant life, or regulations for the enforcement of police or revenue laws.

§ 7

It is further understood that the present arrangement shall become operative on the day when the ratification of the present agreement by the Latvian Saeima will be notified to the Government of the United States, and unless sooner terminated by mutual agreement, shall continue in force until thirty days after notice of its termination shall have been given by either Government; but should either Government be prevented by future action of its legislature from carrying out the terms of this arrangement the obligations thereof shall thereupon lapse.

Signed at Riga, this first day of February nineteen hundred and twenty-six.

F. W. B. COLEMAN [SEAL]

K. ULMANIS [SEAL]

LITHUANIA

MOST-FAVORED-NATION TREATMENT IN CUSTOMS MATTERS

Exchange of notes at Washington December 23, 1925
Lithuanian ratification notified to the United States July 10, 1926
Entered into force July 10, 1926
Modified by notes of July 10 and 11, 1951¹

Treaty Series 742

The Secretary of State to the Lithuanian Minister

DEPARTMENT OF STATE
Washington, December 23, 1925

SIR:

I have the honor to make the following statement of my understanding of the agreement reached through recent conversations held at Washington on behalf of the Government of the United States and the Government of Lithuania with reference to the treatment which the United States shall accord to the commerce of Lithuania and which Lithuania shall accord to the commerce of the United States.

These conversations have disclosed a mutual understanding between the two Governments which is that, in respect of import and export duties and other duties and charges affecting commerce, as well as in respect of transit, warehousing and other facilities, and the treatment of commercial travelers' samples, the United States will accord to Lithuania, and Lithuania will accord to the United States, its territories and possessions, unconditional most-favored-nation treatment; and that in the matter of licensing or prohibitions of imports and exports, each country, so far as it at any time maintains such a system, will accord to the commerce of the other treatment as favorable, with respect to commodities, valuations and quantities, as may be accorded to the commerce of any other country.

¹ Not printed. The Lithuanian Minister, in his note of July 11, 1951, acquiesced in the application of controls by the Government of the United States to trade between the United States and the territory of Lithuania "while the latter is under Soviet domination or control."

It is understood that

No higher or other duties shall be imposed on the importation into or disposition in the United States, its territories or possessions, of any articles the produce or manufacture of Lithuania than are or shall be payable on like articles the produce or manufacture of any foreign country;

No higher or other duties shall be imposed on the importation into or disposition in Lithuania of any articles the produce or manufacture of the United States, its territories or possessions, than are or shall be payable on like articles the produce or manufacture of any foreign country;

Similarly, no higher or other duties shall be imposed in the United States, its territories or possessions, or in Lithuania, on the exportation of any articles to the other or to any territory or possession of the other, than are payable on the exportation of like articles to any foreign country;

Every concession with respect to any duty, charge or regulation affecting commerce now accorded or that may hereafter be accorded by the United States or by Lithuania, by law, proclamation, decree or commercial treaty or agreement, to the products of any third country will become immediately applicable without request and without compensation to the commerce of Lithuania and of the United States and its territories and possessions, respectively;

Provided that this understanding does not relate to

(1) The treatment which the United States accords or may hereafter accord to the commerce of Cuba or any of the territories or possessions of the United States or the Panama Canal Zone, or to the treatment which is or may hereafter be accorded to the commerce of the United States with any of its territories or possessions or to the commerce of its territories or possessions with one another.

(2) The treatment which Lithuania accords or may hereafter accord to the commerce of Finland, Esthonia, Latvia and/or Russia, so long as such special treatment is not accorded to any other State.

(3) Prohibitions or restrictions of a sanitary character or designed to protect human, animal or plant life or regulations for the enforcement of police or revenue laws.

The present arrangement shall become operative on the day when the ratification thereof by the Lithuanian Seimas shall be notified to the Government of the United States, and, unless sooner terminated by mutual agreement, shall continue in force until thirty days after notice of its termination shall have been given by either party; but should either party be prevented by future action of its legislature from carrying out the terms of this arrangement, the obligations thereof shall thereupon lapse.

I shall be glad to have your confirmation of the accord thus reached.
Accept, Sir, the renewed assurances of my highest consideration.

FRANK B. KELLOGG

Mr. KAZYS BIZAUSKAS
Minister of Lithuania

The Lithuanian Minister to the Secretary of State

LITHUANIAN LEGATION
Washington, D.C., December 23, 1925

SIR:

I have the honor to make the following statement of my understanding of the agreement reached through recent conversations held at Washington on behalf of the Government of Lithuania and the Government of the United States with reference to the treatment which the United States shall accord to the commerce of Lithuania and which Lithuania shall accord to the commerce of the United States.

[For statement of understanding, see U.S. note, above.]

I shall be glad to have your confirmation of the accord thus reached.
Accept, Sir, the renewed assurances of my highest consideration.

K. BIZAUSKAS

His Excellency
The Honorable FRANK B. KELLOGG
Secretary of State
Washington, D.C.

PEOPLE'S REPUBLIC OF CHINA

AGREEMENT ON TRADE RELATIONS
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE PEOPLE'S REPUBLIC OF CHINA

The Government of the United States of America and the
Government of the People's Republic of China;

Acting in the spirit of the Joint Communiqué on the
Establishment of Diplomatic Relations between the United
States of America and the People's Republic of China; [1]

Desiring to enhance friendship between both peoples;

Wishing to develop further economic and trade relations
between both countries on the basis of the principles of
equality and mutual benefit as well as nondiscriminatory
treatment;

Have agreed as follows:

ARTICLE I

1. The Contracting Parties undertake to adopt all
appropriate measures to create the most favorable conditions
for strengthening, in all aspects, economic and trade relations
between the two countries so as to promote the continuous,
long-term development of trade between the two countries.

¹ *Department of State Bulletin*, January, 1979, p. 25.

2. In order to strive for a balance in their economic interests, the Contracting Parties shall make every effort to foster the mutual expansion of their reciprocal trade and to contribute, each by its own means, to attaining the harmonious development of such trade.

3. Commercial transactions will be effected on the basis of contracts between firms, companies and corporations, and trading organizations of the two countries. They will be concluded on the basis of customary international trade practice and commercial considerations such as price, quality, delivery and terms of payment.

ARTICLE II

1. With a view to establishing their trade relations on a nondiscriminatory basis, the Contracting Parties shall accord each other most-favored-nation treatment with respect to products originating in or destined for the other Contracting Party, i.e., any advantage, favor, privilege, or immunity they grant to like products originating in or destined for any other country or region, in all matters regarding:

- (A) Customs duties and charges of all kinds applied to the import, export, re-export or transit of products, including the rules, formalities and procedures for collection of such duties and charges;
- (B) Rules, formalities and procedures concerning customs clearance, transit, warehousing and transshipment of imported and exported products;

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- (C) Taxes and other internal charges levied directly or indirectly on imported or exported products or services;
- (D) All laws, regulations and requirements affecting all aspects of internal sale, purchase, transportation, distribution or use of imported products; and
- (E) Administrative formalities for the issuance of import and export licenses.

2. In the event either Contracting Party applies quantitative restrictions to certain products originating in or exported to any third country or region, it shall afford to all like products originating in or exported to the other country treatment which is equitable to that afforded to such third country or region.

3. The Contracting Parties note, and shall take into consideration in the handling of their bilateral trade relations, that, at its current state of economic development, China is a developing country.

4. The principles of Paragraph 1 of this Article will be applied by the Contracting Parties in the same way as they are applied under similar circumstances under any multilateral trade agreement to which either Contracting Party is a party on the date of entry into force of this Agreement.

5. The Contracting Parties agree to reciprocate satisfactorily concessions with regard to trade and services, particularly tariff and non-tariff barriers to trade, during the term of this Agreement.

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ARTICLE III

For the purpose of promoting economic and trade relations between their two countries, the Contracting Parties agree to:

- (A) Accord firms, companies and corporations, and trading organizations of the other Party treatment no less favorable than is afforded to any third country or region;
- (B) Promote visits by personnel, groups and delegations from economic, trade and industrial circles; encourage commercial exchanges and contacts; and support the holding of fairs, exhibitions and technical seminars in each other's country;
- (C) Permit and facilitate, subject to their respective laws and regulations and in accordance with physical possibilities, the stationing of representatives, or the establishment of business offices, by firms, companies and corporations, and trading organizations of the other Party in its own territory; and
- (D) Subject to their respective laws and regulations and physical possibilities, further support trade promotions and improve all conveniences, facilities and related services for the favorable conduct of business activities by firms, companies and corporations, and trading organizations of the two countries, including various facilities in respect of office space and residential housing, telecommunications, visa issuance, internal business travel,

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customs formalities for entry and re-export of personal effects, office articles and commercial samples, and observance of contracts.

ARTICLE IV

The Contracting Parties affirm that government trade offices contribute importantly to the development of their trade and economic relations. They agree to encourage and support the trade promotion activities of these offices. Each Party undertakes to provide facilities as favorable as possible for the operation of these offices in accordance with their respective physical possibilities.

ARTICLE V

1. Payments for transactions between the United States of America and the People's Republic of China shall either be effected in freely convertible currencies mutually accepted by firms, companies and corporations, and trading organizations of the two countries, or made otherwise in accordance with agreements signed by and between the two parties to the transaction. Neither Contracting Party may impose restrictions on such payments except in time of declared national emergency.

2. The Contracting Parties agree, in accordance with their respective laws, regulations and procedures, to facilitate the availability of official export credits on the most favorable terms appropriate under the circumstances for transactions in support of economic and technological projects and products between firms, companies and corporations, and

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trading organizations of the two countries. Such credits will be the subject of separate arrangements by the concerned authorities of the two Contracting Parties.

3. Each Contracting Party shall provide, on the basis of most-favored-nation treatment, and subject to its respective laws and regulations, all necessary facilities for financial, currency and banking transactions by nationals, firms, companies and corporations, and trading organizations of the other Contracting Party on terms as favorable as possible. Such facilities shall include all required authorizations for international payments, remittances and transfers, and uniform application of rates of exchange.

4. Each Contracting Party will look with favor towards participation by financial institutions of the other country in appropriate aspects of banking services related to international trade and financial relations. Each Contracting Party will permit those financial institutions of the other country established in its territory to provide such services on a basis no less favorable than that accorded to financial institutions of other countries.

ARTICLE VI

1. Both Contracting Parties in their trade relations recognize the importance of effective protection of patents, trademarks and copyrights.

2. Both Contracting Parties agree that on the basis of reciprocity legal or natural persons of either Party may apply for registration of trademarks and acquire exclusive

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rights thereto in the territory of the other Party in accordance with its laws and regulations.

3. Both Contracting Parties agree that each Party shall seek, under its laws and with due regard to international practice, to ensure to legal or natural persons of the other Party protection of patents and trademarks equivalent to the patent and trademark protection correspondingly accorded by the other Party.

4. Both Contracting Parties shall permit and facilitate enforcement of provisions concerning protection of industrial property in contracts between firms, companies and corporations, and trading organizations of their respective countries, and shall provide means, in accordance with their respective laws, to restrict unfair competition involving unauthorized use of such rights.

5. Both Contracting Parties agree that each Party shall take appropriate measures, under its laws and regulations and with due regard to international practice, to ensure to legal or natural persons of the other Party protection of copyrights equivalent to the copyright protection correspondingly accorded by the other Party.

ARTICLE VII

1. The Contracting Parties shall exchange information on any problems that may arise from their bilateral trade, and shall promptly hold friendly consultations to seek mutually satisfactory solutions to such problems. No action shall be taken by either Contracting Party before such consultations are held.

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2. However, if consultations do not result in a mutually satisfactory solution within a reasonable period of time, either Contracting Party may take such measures as it deems appropriate. In an exceptional case where a situation does not admit any delay, either Contracting Party may take preventive or remedial action provisionally, on the condition that consultation shall be effected immediately after taking such action.

3. When either Contracting Party takes measures under this Article, it shall ensure that the general objectives of this Agreement are not prejudiced.

ARTICLE VIII

1. The Contracting Parties encourage the prompt and equitable settlement of any disputes arising from or in relation to contracts between their respective firms, companies and corporations, and trading organizations, through friendly consultations, conciliation or other mutually acceptable means.

2. If such disputes cannot be settled promptly by any one of the above-mentioned means, the parties to the dispute may have recourse to arbitration for settlement in accordance with provisions specified in their contracts or other agreements to submit to arbitration. Such arbitration may be conducted by an arbitration institution in the United States of America, the People's Republic of China, or a third country. The arbitration rules of procedure of the relevant arbitration institution are applicable, and the arbitration rules of the United Nations Commission on International Trade Law

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recommended by the United Nations, or other international arbitration rules, may also be used where acceptable to the parties to the dispute and to the arbitration institution.

3. Each Contracting Party shall seek to ensure that arbitration awards are recognized and enforced by their competent authorities where enforcement is sought, in accordance with applicable laws and regulations.

ARTICLE IX

The provisions of this Agreement shall not limit the right of either Contracting Party to take any action for the protection of its security interests.

ARTICLE X

1. This Agreement shall come into force on the date on which the Contracting Parties have exchanged notifications that each has completed the legal procedures necessary for this purpose, [1] and shall remain in force for three years.

2. This Agreement shall be extended for successive terms of three years if neither Contracting Party notifies the other of its intent to terminate this Agreement at least thirty (30) days before the end of a term.

3. If either Contracting Party does not have domestic legal authority to carry out its obligations under this Agreement, either Contracting Party may suspend application of this Agreement, or, with the agreement of the other Contracting Party, any part of this Agreement. In that event,

¹ Feb. 1, 1980.

the Parties will seek, to the fullest extent practicable in accordance with domestic law, to minimize unfavorable effects on existing trade relations between the two countries.

4. The Contracting Parties agree to consult at the request of either Contracting Party to review the operation of this Agreement and other relevant aspects of the relations between the two Parties.

In witness whereof, the authorized representatives of the Contracting Parties have signed this Agreement.

Done at Beijing in two original copies this 7th day of July, 1979, in English and Chinese, both texts being equally authentic.

FOR THE UNITED STATES
OF AMERICA

Leonard Woodcock [1]

FOR THE PEOPLE'S REPUBLIC
OF CHINA

Li Qiang [2]

¹ Leonard Woodcock.
² Li Qiang.

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PEOPLE'S REPUBLIC OF CHINA-UNITED STATES: ACCORD ON
INDUSTRIAL AND TECHNOLOGICAL COOPERATION*
[Done at Washington, January 12, 1984]

ACCORD ON INDUSTRIAL AND TECHNOLOGICAL COOPERATION
BETWEEN THE UNITED STATES OF AMERICA
AND THE PEOPLE'S REPUBLIC OF CHINA

The Government of the United States of America and the Government of the People's Republic of China (hereinafter referred to as the Parties):

Noting the development of economic and trade relations between the two countries;

Taking into account the characteristics and economic potential of the two countries and their respective levels of economic development;

Convinced of the desirability of promoting industrial and technological cooperation between the two countries on the basis of equality and mutual benefit;

Subject to and in implementation of the Agreement on Trade Relations between the United States of America and the People's Republic of China;

For the purpose of enhancing the friendship between the two peoples and further developing industrial and technological cooperation between the two countries;

Have agreed as follows:

Article I

1. The Parties shall take all appropriate steps to create favorable conditions for strengthening industrial and technological cooperation between the two countries in order to strive for a balance in their economic interests and the attainment of the harmonious development of such cooperation.
2. Such steps may include consultations to help identify and study proposals for industrial and technological cooperation projects, facilitation of contacts between potential participants in industrial and technological

*[Reproduced from the text provided by Daniel D. Stein, I.L.M. Corresponding Editor for China.]

[The Accord entered into force upon signature and shall remain in force until January 31, 1986, in accordance with Article VII.]

[On January 12, 1984, China and the United States also agreed to extend their bilateral agreement on cooperation in science and technology for another 5 years. That agreement, done at Washington, January 31, 1979, appears at 18 I.L.M. 350-61 (1979).]

cooperation projects, assistance in arranging feasibility studies for industrial and technological cooperation projects and such other forms of cooperation as are mutually agreeable.

3. All activities under this Accord shall be subject to the respective applicable laws and regulations of the two countries.

Article II

1. Industrial and technological cooperation under this Accord shall be based on contracts or other arrangements between firms, companies and economic organizations of the two countries, in accordance with the respective applicable laws and regulations of the two countries.

2. The Parties recognize the importance of technology transfer and trade in technology products to the development of industrial and technological cooperation between the two countries. Accordingly, the Parties shall endeavor, in accordance with their respective laws and regulations, to promote and facilitate technology transfer and trade in technology products, so as to enhance the smooth conduct of industrial and technological cooperation between the two countries.

Article III

The Parties shall encourage industrial and technological cooperation according to the needs and capabilities of the two countries and on the basis of mutual benefit between firms, companies and economic organizations of the two countries. Such cooperation may include:

- (1) construction of new industrial facilities and expansion and modernization of existing facilities in both countries;
- (2) production, purchase, sale and leasing of machinery and equipment and high technology products;
- (3) purchase and sale of industrial and agricultural materials and consumer goods;
- (4) purchase, sale, license or commercial exchange of intellectual property rights, technical information or know-how, as well as provision of technical services, including training and exchange of specialists and technicians;
- (5) co-production and co-marketing, including cooperation in using the technology and equipment of the other Party so as to foster the mutual expansion of the reciprocal trade between the two countries; and

- (6) joint ventures, provision of services and construction works on a contractual basis, as well as other forms of industrial and technological cooperation which may be mutually agreed between firms, companies and economic organizations of the two countries.

Article IV

1. For the purpose of implementing this Accord, the United States Government hereby nominates the Department of Commerce as its co-ordinating agency and the Chinese Government hereby nominates the Ministry of Foreign Economic Relations and Trade as its co-ordinating agency.
2. The U.S.-China Joint Commission on Commerce and Trade shall place on the agenda of each session thereof industrial and technological cooperation between the two countries so as to review the implementation of this Accord, and make such recommendations as may be appropriate in pursuit of the objectives of this Accord.
3. The U.S.-China Joint Commission on Commerce and Trade may, whenever the Parties deem it necessary, designate for a special purpose an ad hoc working group to assist it in its task. According to the needs of the specific task and by mutual agreement of the Parties, such ad hoc working group may include representatives of firms, companies and economic organizations of the two countries.

Article V

1. Details of the activities undertaken by the Parties under this Accord, including financial facilitation and funding on as favorable terms and conditions as possible, shall be decided by mutual agreement, on the basis of the principles of the Agreement on Trade Relations between the United States of America and the People's Republic of China and in accordance with their respective applicable laws and regulations.
2. The Trade and Development Program of the U.S. International Development Cooperation Agency shall consider the funding of feasibility studies of industrial and technological cooperation projects conducted under this Accord.

Article VI

This Accord shall be interpreted so as not to interfere with industrial and technological cooperation that might be conducted outside the Accord.

Article VII

This Accord shall enter into force upon signature and shall remain in force until January 31, 1986. This Accord shall be extended for successive terms of three years if neither Party notifies the other of its intent to terminate this Accord at least thirty days before the end of a term.

Done at Washington this *12* th day of January, 1984 in duplicate in the English and Chinese languages, both equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

Ronald Reagan

FOR THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA

李先念



Textiles Division

Public Release

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

March 17, 1988

UNITED STATES AND CHINA SIGN NEW BILATERAL TEXTILE AGREEMENT

The United States and China exchanged notes dated February 2, 1988 to establish a new bilateral textile Agreement. Texts of the notes follow:

UNITED STATES NOTE

February 2, 1988
Beijing, The People's
Republic of China

Excellency:

I have the honor to refer to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as "the Arrangement") done at Geneva on December 20, 1973, and as extended by the Protocol of July 31, 1986, and to discussions between the representatives of the Government of the United States of America and the Government of the People's Republic of China held in Beijing and Washington, D.C., concerning exports to the United States of America of cotton, wool, man-made fiber, vegetable fiber other than cotton, and silk blend textiles and textile products manufactured in the People's Republic of China. As a result of these discussions, I have the honor to propose on behalf of the Government of the United States of America the following Agreement between the Government of the United States of America and the Government of the People's Republic of China relating to such trade in textiles and textile products (hereinafter referred to as "the Agreement").

For more
information
contact:

EB/TEX: SUSAN SALEM

(202) 647-2777

The two Governments reaffirm their commitments under the Agreement on Trade Relations between the United States of America and the People's Republic of China as the basis of their trade and economic relations.

Agreement Term

1. The term of this Agreement shall be the four-year period from January 1, 1988 through December 31, 1991. Each "Agreement Year" shall be a calendar year. This Agreement may be extended by mutual consent for a fifth year commencing on January 1, 1992, subject to any modifications which may be agreed upon before the above-said date.

Coverage of Agreement and Classification by Fiber

2. (A) The textile and textile products covered by this Agreement are those summarized in Annex A. The rates of conversion into square yards equivalent listed in Annex A shall apply in implementing the Agreement.

(B) For the purposes of this Agreement, the categories below are merged and treated as a single category, as indicated, with the limits set out in Annex B:

<u>Categories Merged</u>	<u>Designation in Agreement</u>	<u>Conversion Factors</u>
300 and 301	300/301	4.6
338 and 339	338/339	7.2
347 and 348	347/348	17.8
445 and 446	445/446	14.88
638 and 639	638/639	15.5
645 and 646	645/646	36.8
317 and 326	317/326	1.0

3. (A) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of these fibers in combination represent either the chief value of the fibers or 50 percent or more by weight (or 17 percent or more by weight of wool) of the product, are subject to this Agreement.

(1) For purposes of this Agreement, textiles and textile products shall be classified as cotton, wool, or man-made fiber textiles if wholly or in chief value of any of these fibers.

(2) Any product covered by subparagraph 3 (A) but not in chief value of cotton, wool, or man-made fiber shall be classified as: (i) Cotton textiles if containing 50 percent or more by weight cotton or if the cotton component exceeds by weight the total wool and/or man-made fiber components; (ii) Wool textiles if not cotton and the wool equals or exceeds 17 percent by weight of all component fibers; (iii) Man-made fiber textiles if neither of the foregoing applies.

(B) Tops, yarns, piece goods, made-up articles, garments and other textile manufactured products, all being products which derive their chief characteristics from their textile components of cotton, wool, man-made fiber, silk blend, or vegetable fiber other than cotton, or blends thereof, in which (i) the chief value is silk and/or vegetable fiber other than cotton or (ii) 50 percent or more by weight is silk blend or vegetable fiber other than cotton, or (iii) 50 percent or more by weight is a blend of silk, vegetable fiber other than cotton, cotton, man-made fiber, or wool, are subject to this Agreement.

(1) For the purposes of this Agreement, such products shall be classified as silk blend and other vegetable fiber. Notwithstanding the above, garments that contain 70 percent or more silk by weight, unless they also contain 17 percent or more wool by weight, and products other than garments that contain 85 percent or more silk by weight are not subject to this Agreement.

(C) For the purposes of the application of subparagraphs 3 (A) and (B) above, a product shall first be considered under the provisions of subparagraph (A) and only in the event of subparagraph (A) not applying shall it then be considered under subparagraph (B).

4. However, upon adoption of the Harmonized Commodity Code by the United States of America, coverage and classification under this Agreement shall be determined as follows:

(A) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, silk blends, non-cotton vegetable fibers, or blends thereof, in which any or all of these fibers in combination represent the chief weight of the product, are subject to this Agreement. Coverage pursuant to this paragraph is subject to subparagraph (C) below.

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(B) For the purposes of this Agreement, textile products covered by sub-paragraph (A) above shall be classified as:

(1) Man-made fiber textiles, if the product is in chief weight of man-made fibers, unless:

(a) the product is knitted or crocheted apparel in which wool equals or exceeds 23 percent by weight of all fibers, in which case the product will be a wool textile; or

(b) the product is apparel, not knitted or crocheted, in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile;

(c) the product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

(2) Cotton textiles, if not covered by (1) and if the product is in chief weight of cotton, unless the product is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case the product will be a wool textile.

(3) Wool textiles, if neither of the foregoing applies, and the product is in chief weight of wool.

(4) Silk blend or non-cotton vegetable fiber textiles, if none of the foregoing applies and the product is in chief weight of silk or non-cotton vegetable fiber, unless:

(a) cotton with wool and/or man-made fibers in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components, in which case the product will be a cotton textile.

(b) if not covered by (4)(a) and wool exceeds 17 percent by weight of all component fibers, in which case the product will be considered a wool textile.

(c) if not covered by (4)(a) or (b) and man-made fibers in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the man-made fiber component exceeds the weight of the total wool and/or total cotton component, in which case the product will be considered a man-made fiber textile.

(C) Notwithstanding the above, garments which contain 70 percent or more by weight silk (unless they also contain over 17 percent by weight wool), and products other than garments which contain 85 percent or more by weight silk, are not subject to this Agreement. Silk blend and non-cotton vegetable fiber sweaters, as determined above, shall be divided into "silk blend" sweaters and "non-cotton vegetable fibers" sweaters. For the purposes of this provision sweaters shall be classified as "silk blend" if the silk component exceeds by weight the non-cotton vegetable fiber component (if any). Sweaters not classified as "silk blend" sweaters in accordance with the foregoing shall be classified as "non-cotton vegetable fiber" sweaters. Garments containing 70 percent or more by weight silk and over 17 percent by weight wool shall be classified as wool textiles, under subparagraph (B)(4)(b).

(D) Coverage under this paragraph is intended to be identical with the terms of the Arrangement and in conformance with the July 31, 1986, Protocol of Extension. In the event of a question regarding whether a product is covered by this Agreement by virtue of being chief weight of cotton, wool, man-made fiber, silk blend, or non-cotton vegetable fiber, the chief value of the fibers may be considered.

Structure and Limits of Agreement

5. Textile and textile products covered by this Agreement shall be subject to the Group Limit and Specific Limits set out in Annex B. The Groups included in this Agreement are as follows:

- Group I: Specific limits, and Categories 611, 604-A, and 369-S.
- Group II: Cotton, wool, and man-made fiber apparel not subject to specific limits in Group I.
- Group III: Cotton, wool, and man-made fiber non-apparel not subject to specific limits in Group I.
- Group IV: New MFA fiber apparel not subject to specific limits in Group I.

6. Commencing with the first Agreement Year, and during the subsequent years of this Agreement, the Government of the People's Republic of China shall limit annual exports to the United States of America of its cotton, wool, man-made fiber, other vegetable fiber, and silk blend textiles and textile products to the Group Limit and Specific Limits set out in Annex B, as such limits may be adjusted in accordance with paragraphs 7 and 8. The limits in Annex B include annual growth. Subject to paragraph 11, exports shall be charged to the limits for the year in which exported. The limits set out in Annex B do not include any of the adjustments permitted under paragraphs 7 and 8.

Flexibility Adjustments

Swing

7. (A) During any Agreement Year, the Group II, III and IV Limits set out in Annex B, may be exceeded by not more than five (5) percent of their respective square yard equivalent (SYE) total, provided that the amount of the increase is compensated by equivalent SYE decreases in the Group II or III Limits or in Specific Limits in Group I for that Agreement Year.

(1) No Group Limit may be decreased pursuant to subparagraph 7 (A) to a level which is below the level of exports charged against that Group Limit for that Agreement Year.

(B) During any Agreement Year, any Specific Limit, within Group I, may be exceeded by not more than five (5) percent (7 percent in the case of restraint limits established pursuant to paragraph 9), provided that the amount of the increase is compensated by an equivalent SYE decrease in another Specific Limit(s) or in the Group II or III Limits, but only one-fifth of the five (5) percent may be from the Group II or III Limit.

(1) However, the adjustments provided under subparagraph 7 (B) are not available to or from Categories 315 or 845, except that swing shall be available from Category 845 to 846.

(2) In addition, special swing of ten (10) percent shall be available between categories 341 and 641 and between 342 and 642; and between categories 340 and 640 upon resolution of the 640 yarn-dyed sub-limit.

(C) When informing the United States of adjustments under the provisions of this paragraph, the Government of the People's Republic of China shall indicate the Group Limit and the Specific Limits to be increased and those to be decreased by commensurate quantities in square yards equivalent.

Carryover and Carryforward

8. (A) In any Agreement Year, the Group Limit or any Specific Limit may exceed the levels set out in Annex B by allocating to such Group Limit or Specific Limit for that Agreement Year an unused portion of the corresponding Group or Specific Limit for the previous Agreement Year ("carryover") or a portion of the corresponding Group or Specific Limit for the succeeding Agreement Year ("carryforward"), subject to the following conditions:

(1) Group Limits

(a) Carryover may be utilized as available up to three (3) percent of the receiving Agreement Year's Group II or III Limit and five (5) percent of the receiving Agreement Year's Group IV limit;

(b) Carryforward may be utilized up to two (2) percent of the receiving Agreement Year's Group II or III Limit, and three (3) percent in the case of Group IV, and shall be charged against the immediately following Agreement Year's corresponding Group Limit; no carryforward shall be available in the final Agreement Year; and no carryforward shall be available for Groups II and III in the first Agreement Year.

(c) The combination of carryover and carryforward applicable to a Group II and III Limit shall not exceed three (3) percent of the receiving Agreement Year's applicable limit in any Agreement Year and the combination of carryover and carryforward applicable to Group IV shall not exceed five (5) percent of the receiving Agreement Year's applicable limit in any Agreement Year. For purposes of applying carryover to the 1989 Agreement Year, the levels for Groups II and III in 1988 are 116,000,000 SYE and 315,000,000 SYE, respectively.

(2) Specific Limits

(a) Carryover may be utilized as available up to two (2) percent of the receiving Agreement Year's Specific Limit, to the extent that there is sufficient shortfall (as defined in sub-paragraph 8(B)) available in the donor Specific Limit and within the Group Limit covering the donor Specific Limit; no carryover shall be available in the First Agreement Year;

(b) Carryforward may be utilized up to three (3) percent of the receiving Agreement Year's applicable Specific Limit and shall be charged against the immediately following Agreement Year's corresponding Specific Limit. However, in 1988, an additional carryforward of two (2) percent shall be available. No carryforward shall be available in the final Agreement Year;

(c) The combination of carryover and carryforward applicable to a Specific Limit shall not exceed three (3) percent of the receiving Agreement Year's

applicable limit in any Agreement Year; except in 1988 the combination of carryover and carryforward applicable to a Specific Limit shall not exceed five (5) percent of the receiving Agreement Year's applicable limit.

(d) In any Agreement Year, following agreement in consultations, exports may exceed by up to 10 percent any limit set out in Annex B by allocating to such limit for that Agreement Year unused portion of the corresponding limit for the previous Agreement Year or a portion of the corresponding limit for the succeeding year, subject to the following conditions:

(1) Carryover may be utilized as available up to 10 percent of the receiving Agreement Year's limits provided;

(2) Carryforward may be utilized up to five (5) percent of the receiving Agreement Year's applicable limits and shall be charged against the immediately following Agreement Year's corresponding limits;

(3) The combination of carryover and carryforward shall not exceed 10 percent of the receiving Agreement Year's applicable limit in any Agreement Year;

(4) Carryover of shortfall shall not be applied to any limits until the Governments of the United States of America and the People's Republic of China have agreed upon the amounts of shortfall involved.

(B) For purposes of the Agreement, a shortfall occurs when exports of textile or textile products of the People's Republic of China to the United States of America during an Agreement Year are below any Group Limit or Specific Limit as set out in Annex B, (or, in the case of any limit decreased pursuant to paragraph 7, when such exports are below the limit as so decreased). In the Agreement Year following the shortfall, such exports of products of the People's Republic of China to the United States of America may be permitted to exceed the applicable limits, subject to the conditions of subparagraph 8 (A), by carryover of the shortfalls in the following manner:

(1) Carryover shall not exceed the amount of shortfall in the applicable limits;

(2) The shortfall shall be used in the Group Limit or Specific Limit in which the shortfall occurred.

(C) Adjustments made under this paragraph are in addition to those permitted under Paragraph 7.

Consultation Mechanism

9. (A) In the event that the Government of the United States of America believes that imports of textile and apparel products of the People's Republic of China listed in Annex A to this Agreement and not subject to Specific Limits under this Agreement are, due to market disruption, threatening to impede the orderly development of trade between the two countries, the Government of the United States of America may request consultations with the Government of the People's Republic of China with a view to easing or avoiding such market disruption. The Government of the United States of America shall provide the Government of the People's Republic of China, at the time of the request, with a detailed factual statement of reasons and justifications for its request for consultations with current data which in the view of the Government of the United States of America shows:

(1) the existence or threat of market disruption; and

(2) the role of products of the People's Republic of China to that disruption.

(B) The Government of the People's Republic of China agrees to consult with the Government of the United States of America within 30 days of receipt of the request for consultations. Both sides agree to make every effort to reach agreement on a mutually satisfactory solution of the issue within 90 days of the receipt of such request, unless extended by mutual agreement.

(C) (1) Upon receipt of the request for consultations, and for the period remaining in the Agreement Year in which the request is made, the Government of the People's Republic of China agrees to hold its shipments to the United States of America of textiles or textile products in the category or categories subject to these consultations to a level no greater than 15 1/2 percent (six percent for wool product categories) above the amount entered, as reported in U.S. General Import statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, prorated for the number of months remaining in the year.

(2) Where three or fewer months remain in an Agreement Year at the time of the request for consultations, upon receipt of the request for consultations, the Government of the People's Republic of China agrees to hold its shipments to the United States of America of textiles or textile products in the category or categories subject to these consultations for the

remaining months of the Agreement Year plus the subsequent Agreement Year to a level no greater than 15 1/2 percent (6 percent for wool product categories) above the amount entered, as reported in U.S. General Import statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, prorated for the remaining months of the Agreement Year plus the subsequent Agreement Year.

(D) If no mutually satisfactory solution is reached during the 90-day consultation period, consultations shall continue and the Government of the United States of America may continue the limits for textiles or textile products in the category or categories subject to these consultations for the duration of the Agreement.

(E) (1) The first term of any restraint limit established under the preceding sub-paragraph will be effective for the period beginning on the date of the request for consultations and ending on the last day of the Agreement Year in which the restraint limit was established, or where three or fewer months remained in the Agreement Year at the time of the request for consultations, for the period ending on the last day of the subsequent Agreement Year.

(2) For each remaining Agreement Year any restraint limit established under this provision will be increased by 2.5 percent annual growth per year in the case of cotton and man-made fiber, by 6 percent in the case of vegetable fibers other than cotton, and silk blend product categories, and one percent in the case of wool product categories. The subsequent restraint limits shall have any available swing, carryover or carryforward as is provided for Specific Limits under paragraphs 7 and 8 of this Agreement, but only within the Group in which the restraint limit is established. Carryover will not be available in the first of the remaining Agreement Years.

Spacing Provision

10. The Government of the People's Republic of China shall use its best efforts to space exports of its products to the United States of America within each category evenly throughout each Agreement Year, taking into consideration normal seasonal factors.

Cooperation in Implementation of the Limitation Provisions

11. (A) Each Government shall employ its best efforts to ensure that the limits established under this Agreement are not exceeded. Calculations will be based upon date of export from

the People's Republic of China. Neither Government shall act to restrain trade in textile products covered by this Agreement except in accordance with the terms of the Agreement.

(B) Exports of products of the People's Republic of China in excess of any authorized limits in any Agreement Year or period may be denied entry into the United States of America. Any such shipments denied entry may be permitted entry into the United States of America and charged to the applicable limit in the succeeding period or Agreement Year. The United States of America will supply to the People's Republic of China each month a list of charges by category and quantity.

(C) Exports of products of the People's Republic of China in excess of authorized limits in any Agreement Year or period will, if allowed entry into the United States of America during that year or period, be charged to the applicable limit in the succeeding Agreement Year or period.

(D) Any action taken pursuant to subparagraphs (B) and (C) will not prejudice the rights of either side regarding consultations.

Exchange of Data

12. The Government of the United States of America shall promptly supply the Government of the People's Republic of China with monthly data on imports of textiles and textile products of China and the Government of the People's Republic of China shall promptly supply the Government of the United States of America with quarterly data on exports of China's textiles to the United States for which limits have been established. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government.

13. Annual technical consultations shall be held to discuss administrative matters in the implementation of this Agreement including a review of each Government's trade statistics for the previous Agreement Year.

Customs Cooperation

14. The Government of the United States of America and the Government of the People's Republic of China shall cooperate to prevent circumvention of the Agreement.

Visa System

15. (A) The visa system established for exports to the United States of America of cotton, wool and man-made fiber, other vegetable fibers, and silk blend textiles and textile products of the People's Republic of China effective July 25, 1980, as amended, will remain in force. Visas issued in a particular Agreement Year shall be valid only for textiles and textile products exported during that Agreement Year.

(B) The parties recognize that under the Agreement the purchase of textiles and textile products to be delivered subject to the restrictions under the Agreement implies that the delivery of goods will be accompanied by a valid visa.

Commercial Samples and Personal Shipments

16. Properly marked commercial samples, valued at \$250 or less, and items for the personal use of the importer and not for resale, need not be accompanied by an export visa and shall not be subject to the limits established under this Agreement.

Harmonized Commodity Code

17. Both parties recognize that adoption by the United States of America of the Harmonized Commodity Code will result in some changes in the U.S. categorization of textile products covered by this Agreement. Those levels included in Annex B which are affected by the new category system and the U.S. implementation of the Harmonized System are provisional levels based upon preliminary analysis by the Government of the United States of America in order to facilitate trade pending agreement through consultation between the Government of the People's Republic of China and the Government of the United States of America by June 30, 1988. Such consultations shall be solely for the purpose of facilitating trade by making appropriate adjustments to ensure that the conversion is trade neutral and does not diminish overall trade with the People's Republic of China. In the absence of a solution, each party reserves its rights under the Arrangement.

Equity

18. If the Government of the People's Republic of China considers that, as a result of a limitation specified in this Agreement, the People's Republic of China is being placed in an inequitable position vis-a-vis a third country or party, the Government of the People's Republic of China may request consultations with the Government of the United States of America with a view to taking appropriate remedial action

such as reasonable modification of this Agreement and the Government of the United States of America shall agree to hold such consultations.

Consultation on Implementation Questions

19. The Government of the United States of America and the Government of the People's Republic of China agree to consult upon the request of the other on any question arising in the implementation of this Agreement.

20. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

Reservation of Rights

21. The Government of the United States of America and the Government of the People's Republic of China reserve their rights with respect to textiles and textile products not subject to this Agreement.

22. The Government of the United States of America and the Government of the People's Republic of China will consult to determine whether certain textile products produced in the People's Republic of China are traditional folklore handicrafts under the terms of the Arrangement.

Right to Terminate the Agreement

23. Either Government may terminate the Agreement effective at the end of any Agreement Year by written notice to the other Government to be given at least 90 days prior to the end of such Agreement Year. Either Government may at any time propose revisions in the terms of the Agreement.

If the foregoing conforms with the understanding of the Government of the People's Republic of China, this note and your note of confirmation on behalf of the Government of the People's Republic of China shall constitute an Agreement between our two Governments.

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


Clayton Yeutter

United States Trade Representative

Annex A(1)
New Category System and Conversion Factors.

<u>Category</u>	<u>Description</u>	<u>Conversion Factor</u> <u>to square yards</u>	<u>Unit</u>
<u>Yarn</u>			
200	Sewing Thread and Yarns, Put up for Retail Sale	3.6	Lb
201	Other Yarns	3.5	Lb
300	Carded Yarns	4.6	Lb
301	Combed Yarns	4.6	Lb
400	Wool Yarn	2.0	Lb
600	Textured Filament Yarns	3.5	Lb
603	Staple Artificial Yarn	3.4	Lb
604	Staple Synthetic Yarn	4.1	Lb
606	Non-Textured Filament	10.9	Lb
607	Staple Yarn	3.5	Lb
800	Yarn, Thread	4.6	Lb
<u>Fabric</u>			
218	Yarns of Different Colors	1.0	Syd
219	Duck	1.0	Syd
220	Fabric of Special Weave	1.0	Syd
222	Knit Fabric	6.7	Lb
223	Non-Woven Fabrics	7.6	Lb
224	Pile and Tufted Fabrics	1.0	Syd
225	Denim	1.0	Syd
226	Cheesecloth, Batistes, etc.	1.0	Syd
227	Oxford Cloth	1.0	Syd
229	Special Purpose Fabric	7.4	Lb
313	Sheeting	1.0	Syd
314	Poplin and Broadcloth	1.0	Syd
315	Printcloth	1.0	Syd
317	Twills	1.0	Syd
326	Sateens	1.0	Syd
410	Woven Fabrics Containing 36 percent or More By Weight Wool	1.0	Syd
414	Other Wool Fabrics	1.5	Lb
611	Staple Artificial Fabric, by weight, 85 percent or more	1.0	Syd
613	Sheeting	1.0	Syd
614	Poplin and Broadcloth	1.0	Syd
615	Printcloth	1.0	Syd

617	Twills and Sateens	1.0	Syd
618	Cellulosic Filament	1.0	Syd
619	Non-Cellulosic Filament, Poly	1.0	Syd
620	Other Non-Cellulosic Filament	1.0	Syd
621	Impression	7.8	Lb
622	Filament Glass Fiber	1.0	Syd
624	Man-made Fiber Fabric, woven, containing more than 15 percent but less than 36% Wool	1.0	Syd
	Staple/Filament Combinations:		
625	Poplin and Broadcloth	1.0	Syd
626	Printcloth	1.0	Syd
627	Sheeting	1.0	Syd
628	Twills and Sateens	1.0	Syd
629	Other MMF	1.0	Syd
810	Fabrics	1.0	Syd

Apparel

239	Cotton and Man-made Infants' Wear	3.4	Lb
330	Handkerchiefs	1.7	Doz
331	Gloves and Mittens	3.5	Dpr
332	Hosiery	4.6	Dpr
333	M and B Suit-type Coats	36.2	Doz
334	Other M and B Coats	41.3	Doz
335	W and G coats	41.3	Doz
336	Dresses	45.3	Doz
337	Playsuits, sunsuits, etc.	25.0	Doz
338	M and B knit Shirts	7.2	Doz
339	W and G Knit Shirts and Blouses	7.2	Doz
340	M and B Shirts, Not Knit	24.0	Doz
341	W and G Knit Shirts and Blouses, Not Knit	14.5	Doz
342	Skirts	17.8	Doz
345	Sweaters	36.8	Doz
347	M and B Trousers, Slacks, and Shorts	17.8	Doz
348	W and G Trousers, Slacks, and Shorts	17.8	Doz
349	Brassieres and Body Supporting Garments	4.8	Doz
350	Dressing Gowns, etc.	51.0	Doz
351	Nightwear and Pajamas	52.0	Doz
352	Underwear	11.0	Doz
353	M and B Down-Filled Coats	41.3	Doz
354	W and G Down-Filled Coats	41.3	Doz

359	Other Cotton Apparel	4.6	Lb
	GLoves and Mittens	2.1	Dpr
432	Hosiery	2.8	Dpr
433	M and B Suit-type Coats	36.0	Doz
434	Other M and B Coats	54.0	Doz
435	W and G Coats	54.0	Doz
436	Dresses	49.2	Doz
438	Knit Shirts and Blouses	15.0	Doz
440	Shirts and Blouses, Not Knit	24.0	Doz
442	Skirts	18.0	Doz
443	M and B Suits	4.5	Nos
444	W and G Suits	4.5	Nos
445	M and B Sweaters	14.88	Doz
446	W and G Sweaters	14.88	Doz
447	M and B Trousers, Slacks and Shorts	18.0	Doz
448	W and G Trousers, Slacks, and Shorts	18.0	Doz
459	Other wool Apparel	2.0	Lb
630	Handkerchiefs	1.7	Doz
631	Gloves and Mittens	3.5	Dpr
632	Hosiery	4.6	Dpr
633	M and B Suit-type Coats	36.2	Doz
634	Other M and B Coats	41.3	Doz
635	W and G Coats	41.3	Doz
636	Dresses	45.3	Doz
637	Playsuits, sunsuits, etc.	21.3	Doz
638	M and B Knit Shirts	15.5	Doz
639	W and G Knit Shirts and Blouses	15.5	Doz
640	M and B Shirts, Not Knit	24.0	Doz
641	W and G Shirts and Blouses, Not Knit	14.5	Doz
642	Skirts	17.8	Doz
643	M and B Suits	4.5	Nos
644	W and G Suits	4.5	Nos
645	M and B Sweaters	36.8	Doz
646	W and G Sweaters	36.8	Doz
647	M and B Trousers, Slacks, and Shorts	17.8	Doz
648	W and G Trousers, Slacks, and Shorts	17.8	Doz
649	Brassieres and Body Supporting Garments	4.8	Doz
650	Dressing Gowns, Etc.	51.0	Doz
651	Nightwear and Pajamas	52.0	Doz
652	Underwear	16.0	Doz
653	M and B Down-Filled Coats	41.3	Doz
654	W and G Down-Filled Coats	41.3	Doz
659	Other Man-made Fiber Apparel	7.8	Lb

831	Gloves and Mittens	3.5	Dpr
832	Hosiery	4.6	Dpr
833	M and B Suit-type Coats	36.2	Doz
834	Other M and B Coats and Jackets	41.3	Doz
835	W and G Coats and Jackets	41.3	Doz
836	Dresses	45.3	Doz
838	Knit Shirts, Blouses and Tops	14.0	Doz
840	Woven Shirts and Blouses	20.0	Doz
842	Skirts	17.8	Doz
843	M and B Suits	4.5	Nos
844	W and G Suits	4.5	Nos
845	Sweaters of Other Vegetable Fiber	36.8	Doz
846	Sweaters of Silk Blend	36.8	Doz
847	Trousers, Slacks, and Shorts	17.8	Doz
850	Robes and Dressing Gowns	51.0	Doz
851	Nightwear and Pajamas	52.0	Doz
852	Underwear	13.5	Doz
858	Neckwear	3.6	Lb
859	Other Apparel	6.8	Lb

Made-Up and Miscellaneous Textiles

360	Pillowcases	1.1	No
361	Sheets	6.2	No
362	Bedsread and Quilts	6.9	No
363	Terry and Other Pile Towels	0.5	No
369	Cotton Manufactures, not specified [nspf]	4.6	Lb
464	Blankets	1.3	Lb
465	Floor Coverings	0.1	Sft
469	Wool Manufactures, nspf	2.0	Lb
665	Floor Coverings	0.1	Sft
666	Other Furnishings	7.8	Lb
669	Man-made Fiber Manufactures, nspf	7.8	Lb
670	Flat Goods, Handbags, Luggage	2.0	Lb
863	Towels	0.5	Nos
870	Luggage	2.0	Lb
871	Handbags and flat goods	2.0	Lb
899	Other silk blend and other vegetable fiber manufactures	6.0	Lb

Annex A(2)
Harmonized Commodity Code Listings
 (To enter into effect on notification by the United States
 of America that it has adopted the Harmonized Commodity Code.)

<u>Category</u>	<u>Description</u>	<u>Conversion Factor to square meters</u>	<u>Unit</u>
<u>Yarn</u>			
200	Sewing thread and yarns, put up for retail sale	6.6	Kg
201	Other yarns	6.5	Kg
300	Carded yarns	8.5	Kg
301	Combed yarns	8.5	Kg
400	Wool yarn	3.7	Kg
600	Textured filament yarns	6.5	Kg
603	Staple artificial yarn	6.3	Kg
604	Staple synthetic yarn	7.6	Kg
606	Non-textured filament	20.1	Kg
607	Staple yarn	6.5	Kg
800	Yarn, thread	8.5	Kg
<u>Fabric</u>			
218	Yarns of different colors	1.0	M2
219	Duck	1.0	M2
220	Fabric of special weave	1.0	M2
222	Knit fabric	12.3	Kg
223	Non-woven fabrics	14.0	Kg
224	Pile and tufted fabrics	1.0	M2
225	Denim	1.0	M2
226	Cheesecloth, batistes, etc.	1.0	M2
227	Oxford cloth	1.0	M2
229	Special purpose fabric	13.6	Kg
313	Sheeting	1.0	M2
314	Poplin and broadcloth	1.0	M2
315	Printcloth	1.0	M2
317	Twills	1.0	M2
326	Sateens	1.0	M2
410	Woven fabrics containing 36 percent or more by weight wool	1.0	M2
414	Other wool fabrics	2.8	Kg
611	Staple artificial fabric, by weight, 85 percent or more	1.0	M2
613	Sheeting	1.0	M2
614	Poplin and broadcloth	1.0	M2
615	Printcloth	1.0	M2
617	Twills and sateens	1.0	M2
618	Cellulosic filament	1.0	M2

619	Non-cellulosic filament, poly	1.0	M2
620	Other non-cellulosic filament	1.0	M2
621	Impression	14.4	Kg
622	Filament glass fiber	1.0	M2
624	Man-made fiber fabric, woven, containing more than 15 percent but less than 36 percent wool	1.0	M2
625	Poplin and broadcloth	1.0	M2
626	Printcloth	1.0	M2
627	Sheeting	1.0	M2
628	Twills and sateens	1.0	M2
629	Other MMF	1.0	M2
810	Fabric	1.0	M2

Apparel

239	Infants wear	6.3	Kg
330	Handkerchiefs	1.4	doz
331	Gloves and mittens	2.9	dpr
332	Hosiery	3.8	dpr
333	M and B suit-type coats	30.3	doz
334	Other M and B coats	34.5	doz
335	W and G coats	34.5	doz
336	Dresses	37.9	doz
337	Playsuits, sunsuits, etc.	20.9	doz
338	M and B knit shirts	6.0	doz
339	W and G knit shirts & blouses	6.0	doz
340	M and B shirts, not knit	20.1	doz
341	W & G shirts & blouses, not knit	12.1	doz
342	Skirts	14.9	doz
345	Sweaters	30.8	doz
347	M & B trousers, slacks & shorts	14.9	doz
348	W & G trousers, slacks & shorts	14.9	doz
349	Brassieres and body supporting garments	4.0	doz
350	Dressing gowns, etc.	42.6	doz
351	Nightwear and pajamas	43.5	doz
352	Underwear	9.2	doz
353	M and B down-filled coats	34.5	doz
354	W and G down-filled coats	34.5	doz
359	Other cotton apparel	8.5	Kg
431	Gloves and mittens	1.8	dpr
432	Hosiery	2.3	dpr
433	M and B suit-type coats	30.1	doz
434	Other M and B coats	45.1	doz
435	W and G coats	45.1	doz
436	Dresses	41.1	doz
438	Knit shirts and blouses	12.5	doz
439	Infants' wear	6.3	Kg
440	Shirts and blouses, not knit	20.1	doz
442	Skirts	15.0	doz

443	M and B suits	3.76	nos
444	W and G suits	3.76	nos
445	M and B sweaters	12.4	doz
446	W and G sweaters	12.4	doz
447	M & B trousers, slacks & shorts	15.0	doz
448	W & G trousers, slacks & shorts	15.0	doz
459	Other wool apparel	3.7	Kg
630	Handkerchiefs	1.4	doz
631	Gloves and mittens	2.9	dpr
632	Hosiery	3.8	dpr
633	M and B suit-type coats	30.3	doz
634	Other M and B coats	34.5	doz
635	W and G coats	34.5	doz
636	Dresses	37.9	doz
637	Playsuits, sunsuits, etc.	17.8	doz
638	M and B knit shirts	12.96	doz
639	W and G knit shirts and blouses	12.96	doz
640	M and B shirts, not knit	20.1	doz
641	W and G shirts and blouses, not knit	12.1	doz
642	Skirts	14.9	doz
643	M and B suits	3.76	nos
644	W and G suits	3.76	nos
645	M and B sweaters	30.8	doz
646	W and G sweaters	30.8	doz
647	M & B trousers, slacks & shorts	14.9	doz
648	W & G trousers, slacks & shorts	14.9	doz
649	Brassieres and body supporting garments	4.0	doz
650	Dressing gowns, etc.	42.6	doz
651	Nightwear and pajamas	43.5	doz
652	Underwear	13.4	doz
653	M and B down-filled coats	34.5	doz
654	W and G Down-filled coats	34.5	doz
659	Other Man-made fiber apparel	14.4	Kg
831	Gloves and mittens	2.9	dpr
832	Hosiery	3.8	dpr
833	M and B suit-type coats	30.3	doz
834	Other M and B coats and jackets	34.5	doz
835	W and G coats and jackets	34.5	doz
836	Dresses	37.9	doz
838	Knit Shirts, blouses and tops	11.7	doz
839	Infants' wear	6.3	Kg
840	Not knit shirts and blouses	16.7	doz
842	Skirts	14.9	doz
843	M and B suits	3.76	nos
844	W and G suits	3.76	nos
845	Sweaters of vegetable fiber	30.8	doz
846	Sweaters of silk blend	30.8	doz
847	Trousers, slacks, and shorts	14.9	doz
850	Robes and dressing gowns	42.6	doz

851	Nightwear and pajamas	43.5	doz
852	Underwear	11.3	doz
858	Neckwear	6.6	Kg
859	Other apparel	12.5	Kg

Made-up and Miscellaneous Textiles

360	Pillowcases	0.9	nos
361	Sheets	5.2	nos
362	Bedsread and quilts	5.8	nos
363	Terry and other pile towels	0.4	nos
369	Cotton manufactures, not specified [nspf]	8.5	Kg
464	Blankets	2.4	Kg
465	Floor Coverings	1.0	M2
469	Wool manufactures, nspf	3.7	Kg
665	Floor coverings	1.0	M2
666	Other furnishings	14.4	Kg
669	Man-made fiber manufactures, nspf	14.4	Kg
670	Flat goods, handbags, luggage	3.7	Kg
863	Towels	0.4	Nos
870	Luggage	3.7	Kg
871	Handbags and Flatgoods	3.7	Kg
899	Other made-ups	11.1	Kg

Annex B

Group I
Specific Limits

<u>Category</u>	<u>Unit</u>	<u>1988</u> <u>Limit</u>	<u>1989</u> <u>Limit</u>	<u>1990</u> <u>Limit</u>	<u>1991</u> <u>Limit</u>
200	lbs	1,120,000	1,164,800	1,211,392	1,259,848
218	syd	10,444,000	10,736,432	11,037,052	11,346,090
219	syd	2,214,500	2,280,935	2,349,363	2,419,844
226	syd	9,185,193	9,460,749	9,744,571	10,036,908
300/301	lbs	7,000,000	7,175,000	7,354,375	7,538,234
239	lbs	3,780,000	3,893,400	4,010,202	4,130,508
313	syd	51,432,610	52,872,723	54,353,159	55,875,048
314	syd	28,888,847	29,755,512	30,648,178	31,567,623
315	syd	177,250,000	179,500,000	182,500,000	186,250,000
317/326	syd	18,163,282	18,889,813	19,645,406	20,431,222
326	syd	3,500,000	3,640,000	3,785,600	3,937,024
331	dpr	4,070,893	4,193,020	4,318,810	4,448,375
333	doz	67,000	70,350	73,868	77,561
334	doz	243,700	253,448	263,586	274,129
335	doz	325,000	333,775	342,787	352,042
336	doz	130,000	133,900	137,917	142,055
337	doz	1,059,000	1,111,950	1,167,548	1,225,925
338/339	doz	1,976,000	2,045,160	2,116,741	2,190,827
338-S/339-S	doz	1,500,000	1,552,500	1,606,837	1,663,077
340	doz	718,000	734,514	751,408	768,690
(Y-dyed ex. flannel)		359,000	367,257	375,704	384,345
341	doz	560,000	575,680	591,799	608,369
341-Y	doz	336,000	345,408	355,079	365,022
342	doz	222,000	227,550	233,239	239,070
345	doz	105,000	109,200	113,568	118,111
347/348	doz	2,066,000	2,127,980	2,191,819	2,257,574
350	doz	114,000	119,700	125,685	131,969
351	doz	370,000	388,500	407,925	428,321
352	doz	1,431,000	1,495,395	1,562,688	1,633,009
359-C	lbs	920,000	964,160	1,010,440	1,058,941
359-D	lbs	1,270,000	1,308,100	1,347,343	1,387,763
359-V	lbs	1,490,000	1,534,700	1,580,741	1,628,163
360	nos	5,834,950	6,009,999	6,190,298	6,376,007
360-P	nos	3,980,000	4,099,400	4,222,382	4,349,053
361	nos	3,216,000	3,328,560	3,445,060	3,565,637
363	nos	24,500,000	25,357,500	26,245,013	27,163,588
369-D	lbs	8,600,000	8,772,000	8,947,440	9,126,389
369-H	lbs	8,500,000	8,729,500	8,965,197	9,207,257

369-L	lbs	5,000,000	5,250,000	5,512,500	5,788,125
410	syd	2,185,000	2,206,850	2,228,919	2,251,208
410-A*	syd	1,751,512	1,769,027	1,786,717	1,804,585
410-B#	syd	1,751,512	1,769,027	1,786,717	1,804,585
433	doz	21,500	21,715	21,932	22,151
434	doz	12,250	12,373	12,496	12,621
435	doz	22,500	22,725	22,952	23,182
436	doz	14,000	14,140	14,281	14,424
438	doz	24,500	24,745	24,992	25,242
440	doz	35,000	35,350	35,704	36,061
440-M	doz	20,000	20,200	20,402	20,606
442	doz	39,000	39,390	39,784	40,182
443	nos	126,000	127,260	128,533	129,818
444	nos	187,320	189,193	191,085	192,996
445/446	doz	270,000	272,700	275,427	278,181
447	doz	72,745	73,472	74,207	74,949
448	doz	20,000	20,200	20,402	20,606
607	lbs	5,500,000	5,665,000	5,834,950	6,009,999
613	syd	7,000,000	7,210,000	7,426,300	7,649,089
614	syd	11,000,000	11,330,000	11,669,900	12,019,997
615	syd	21,000,000	21,630,000	22,278,900	22,947,267
617	syd	16,000,000	16,480,000	16,974,400	17,483,632
631	dpr	862,570	910,011	960,062	1,012,865
634	doz	471,000	487,485	504,547	522,206
635	doz	492,000	509,220	527,043	545,489
636	doz	400,000	420,800	442,682	465,701
637	doz	276,210	282,563	289,062	295,710
638/639	doz	2,100,000	2,142,000	2,184,840	2,228,537
640	doz	1,240,000	1,274,720	1,310,412	1,347,104
640-Y	(1987 trade level)				
641	doz	1,053,000	1,095,120	1,138,925	1,184,482
642	doz	260,000	266,500	273,163	279,992
645/646	doz	722,000	740,050	758,551	777,515
647	doz	1,069,919	1,112,716	1,157,225	1,203,514
648	doz	1,035,081	1,071,309	1,108,805	1,147,613
649	doz	679,000	706,160	734,406	763,783
650	doz	90,464	92,997	95,601	98,278
651	doz	568,000	593,560	620,270	648,182
651-B	doz	100,000	104,500	109,203	114,117
652	doz	1,947,000	2,024,880	2,105,875	2,190,110
659-C	lbs	719,600	739,749	760,462	781,755
659-H	lbs	4,650,880	4,836,915	5,030,392	5,231,607
659-S	lbs	1,076,250	1,103,156	1,130,735	1,159,004
659-S	doz	410,782	421,052	431,578	442,367
669-P	lbs	2,970,000	3,148,200	3,337,092	3,537,318
670-L	lbs	26,000,000	27,040,000	28,121,600	29,246,464

831	dpr	379,965	395,544	411,761	428,643
833	doz	20,700	21,425	22,174	22,950
835	doz	95,000	98,895	102,950	107,171
840	doz	369,555	384,707	400,480	416,899
842	doz	207,000	214,245	221,744	229,505
845	doz	2,100,000	2,158,800	2,219,246	2,281,385
846	doz	140,000	144,200	148,526	152,982
847	doz	1,009,125	1,044,444	1,081,000	1,118,835

* Category 410-A is composed of woolens.

Category 410-B is composed of worsted.

Group II
Cotton, Wool and
Man-Made Fiber Apparel
Not Subject to Specific Limits
in Group I.

Unit	1988 Limit	1989 Limit	1990 Limit	1991 Limit
SYE	121,800,000	122,380,000	129,110,900	136,212,000

Group III
Cotton, Wool and
Man-Made Fiber Non-Apparel
Not Subject To Specific Limits
in Group I.

Unit	1988 Limit	1989 Limit	1990 Limit	1991 Limit
SYE	330,750,000	331,380,000	348,611,760	366,739,572

Group IV
New MFA Fiber Apparel
Not Subject to Specific Limits
in Group I.

Unit	1988 Limit	1989 Limit	1990 Limit	1991 Limit
SYE	24,000,000	25,440,000	26,966,400	28,584,384

NOTE OF THE PEOPLE'S REPUBLIC OF CHINA

His Excellency,
Ambassador Clayton Yeutter
United States Trade Representative

Excellency:

I was honored to receive Your Excellency's note of February 2, 1988. The contents of that note are as follows:

[Same as text of United States note]

On behalf of the Government of the People's Republic of China, I am honored to confirm that the above articles conform with the understanding of the Government of the People's Republic of China, and agree that Your Excellency's note and this note constitute an agreement between the Governments of our two countries.

I take this opportunity to renew to you assurances of my highest consideration.

[Signed] Zheng Tuobin
Minister,
Ministry of Foreign Economic
Relations and Trade
People's Republic of China

February 2, 1988

GRAIN TRADE

**Agreement Between the
UNITED STATES OF AMERICA
and the PEOPLE'S REPUBLIC
OF CHINA**

Signed at Beijing October 22, 1980

with

Exchanges of Letters



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 80-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113) —

" . . . the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

PEOPLE'S REPUBLIC OF CHINA

Grain Trade

Agreement signed at Beijing October 22, 1980;
Entered into force January 1, 1981.
With exchanges of letters.

For sale by the Superintendent of Documents, U.S. Government Printing Office,
Washington, D.C. 20402. Subscription Price: \$110. \$27.50 additional
for foreign mailing. Single copies vary in price. This issue \$2.00.

AGREEMENT ON GRAIN TRADE

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA

The Government of the United States of America and the Government of the People's Republic of China:

Acting in the spirit of the Joint Communiqué on the Establishment of Diplomatic Relations between the Government of the United States of America and the Government of the People's Republic of China and the Agreement on Trade Relations between the Government of the United States of America and the Government of the People's Republic of China:

Recognizing the importance of agricultural trade between our two nations;

Wishing to develop further agricultural trade relations between both countries on the basis of the principle of equality and mutual benefit;

Have agreed as follows:

ARTICLE I

1. The Government of the United States of America agrees to the supply, through normal private commercial organizations, for shipment to the People's Republic of China during each 12 month period beginning

January 1, 1981, except as otherwise provided for in Article II, of a total quantity of at least 6 to 8 million metric tons of United States wheat and corn, of which approximately 15 to 20 percent will be corn.

2. The Government of the People's Republic of China agrees to purchase for shipment during each 12-month period beginning January 1, 1981, except as otherwise provided for in Article II, a total quantity of at least 6 to 8 million metric tons of United States wheat and corn, of which approximately 15 to 20 percent will be corn.

3. Purchases/sales of wheat and corn under this agreement will be made at market prices prevailing at the time of purchase/sale and in accordance with normal commercial terms.

ARTICLE II

1. The Government of the United States of America shall endeavor to assure the availability of wheat and corn supplies through advance planning of production and stockpiling fully to meet the import requirements of the People's Republic of China under the provisions of this agreement. If by virtue of exceptional circumstances necessitating the application of measures limiting the availability of United States wheat and corn in respect to all foreign purchasers of United States grain, it becomes necessary in a particular year to supply less than the quantities specified in Article I, there shall be prior consultations between the two parties as to the amount of such adjustment.

4

Any such measure which shall be applied to the exports of United States wheat and corn to the People's Republic of China shall be carried out on a basis no less favorable than to such exports to other foreign purchasers of United States grain.

2. If by virtue of exceptional circumstances making it impossible for the People's Republic of China to accommodate available supplies necessitating the reduction of minimum levels of normal imports from all foreign suppliers it becomes necessary in a particular year to purchase less than the quantities specified in Article I, there shall be prior consultations between the two parties as to the amount of such adjustment. Any such reduction of imports of United States wheat and corn which shall be applied to imports from the United States shall be carried out on a basis no less favorable than to imports from other foreign suppliers.

ARTICLE III

The United States of America expects to supply to the People's Republic of China and encourages the People's Republic of China to meet increased import requirements by purchases of wheat and corn from the United States. Therefore, if during the period that the agreement is in force, the People's Republic of China intends to purchase quantities of United States wheat and corn in excess of the 8 million metric tons specified in Article I by more than 1 million metric tons, there shall be prior notice to the Government of the United States of America. The Government of the United States of America shall promptly inform

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the Government of the People's Republic of China of any measures which may affect the availability of supplies of United States wheat and corn for purchase by the People's Republic of China beyond 9 million metric tons. This provision has the general purpose of facilitating the growth of trade through improving the availability of information.

ARTICLE IV

Both sides shall seek to avoid excessive volatility in their grain trade. To this end the Government of the People's Republic of China shall endeavor to space its purchases in the United States of America to enable orderly market adjustment. At the same time the Government of the United States of America shall seek to use its authorities to maintain the stability of United States market conditions for wheat and corn.

ARTICLE V

For the conduct of the consultations provided for in this agreement, the organization with jurisdiction for the Chinese side will be the China National Cereals, Oils and Foodstuffs Import and Export Corporation. For the conduct of the consultations provided for in this agreement, the organization with jurisdiction for the United States side will be the Foreign Agricultural Service of the U. S. Department of Agriculture. Under this Agreement, consultations regarding the conduct of trade and the over-all levels of United States export supply and Chinese import requirements for wheat and corn will be held prior to the beginning of each year covered by the agreement, or when requested by either party.

6
ARTICLE VI

The Government of the People's Republic of China shall assure that, except as the parties may otherwise agree, the wheat and corn grown in the United States of America and purchased by the China National Cereals, Oils and Foodstuffs Import and Export Corporation under this agreement shall be supplied for consumption in the People's Republic of China.

ARTICLE VII

This agreement shall enter into force on January 1, 1981 and shall remain in force until December 31, 1984 unless both sides agree to an extension.

Done at Beijing this twenty-second day of October, 1980, in duplicate, each copy in the English and Chinese languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

Leonard Woodcock [11]

FOR THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA:

Ng Jg [12]

Leonard Woodcock
[11] Qianf.

TIAS 6030

7
第七 条

本协议自一九八一年一月一日起生效，除非双方同意延长，有效期至一九八四年十二月三十一日为止。

本协议于一九八〇年十月二十二日在北京签订，一式两份，每份都用英文和中文写成，两种文本具有同等效力。

美利坚合众国政府代表

Leonard Woodcock

中华人民共和国政府代表

Ng Jg

何措施通告中华人民共和国政府。此项规定的宗旨是通过加强沟通情况，便利贸易的增长。

第四条

双方应设法避免粮食贸易的过分波动。为此，中华人民共和国政府应努力合理安排在美国的购买，以便于市场有秩序的调节。同时，美利坚合众国政府应努力使用其权威，保持美国小麦和玉米市场的稳定。

第五条

为了进行本协议项下的磋商，中国方面的受权机构是中国粮油食品进出口总公司。为了进行本协议项下的磋商，美国方面的受权机构是美国农业部国外农业司。根据本协议，就贸易的进行以及美国供应和中国需要进口的小麦和玉米的总水平进行的磋商，将在本协议有效期内每年年初以前进行，或者在其中一方所要求的时间进行。

第六条

中华人民共和国政府应保证，除非双方另有协议外，由中国粮油食品进出口总公司购买的本协议项下的美利坚合众国生产的小麦和玉米应只供在中华人民共和国消费。

第二条

一、美利坚合众国政府应努力按照协议规定，通过预先计划生产和建立库存，保证小麦和玉米的供应，以全部满足中华人民共和国的进口需求。如果由于极其特殊的情况，需要对所有购买美国小麦和玉米的外国买主实行限制措施，有必要在特定的一年减少第一条中所规定的数量时，双方须事先对要调整的数量进行磋商。这种对向中华人民共和国出口的美国小麦和玉米所采取的任何措施，应在不亚于其他购买美国粮食的外国买主的基础上进行。

二、如果由于极其特殊的情况，使中华人民共和国不能按前所供应的数量，需要减少从所有国外供应者正常进口的最低水平，有必要在特定的一年减少第一条中所规定的数量时，双方须事先对要调整的数量进行磋商。这种从美国进口小麦和玉米的任何减少，应以不亚于从其他国外供应者的进口减少的基础上进行。

第三条

美利坚合众国期望向中华人民共和国供应并帮助中华人民共和国从美国购买小麦和玉米来满足其增长的进口需要。因此，如果在协议有效期内，中华人民共和国拟超购本协议第一条所规定的八百万公吨的美国小麦和玉米，其超购数量达一百万公吨以上时，应事先通知美利坚合众国政府。美利坚合众国政府应及时将可能影响中华人民共和国拟超购的数量达九百万公吨以上的美国小麦和玉米的任

10
美利坚合众国政府和中华人民共和国政府
粮食贸易协议

美利坚合众国政府和中华人民共和国政府按照美利坚合众国政府和中华人民共和国政府建立外交关系的联合公报和美利坚合众国政府和中华人民共和国政府贸易关系协定的精神，意识到两国农产品贸易的重要性，愿意在平等互利的基礎上进一步发展两国的农产品贸易关系，达成协议如下：

第一条

一、美利坚合众国政府同意，除非根据第二条双方另有协议外，通过正常的私营商业机构，从一九八一年一月一日起，每十二个月内，向中华人民共和国供应并运输总量至少为六百万至八百万公吨的美国小麦和玉米，其中玉米约占百分之十五至百分之二十。

二、中华人民共和国政府同意，除非根据第二条双方另有协议外，从一九八一年一月一日起，每十二个月内，购买并运输总量至少为六百万至八百万公吨的美国小麦和玉米，其中玉米约占百分之十五至百分之二十。

三、本协议项下小麦和玉米的购买/销售将按照购买/销售时现行市场价格和正常的商业条件进行。

11

[EXCHANGES OF LETTERS]
Beijing, People's Republic of China
October 22, 1980


His Excellency Li Qiang
Minister
Ministry of Foreign Trade
Beijing, People's Republic of China

Dear Mr. Minister:

I have the honor to refer to the Agreement on grain trade between the Government of the United States of America and the Government of the People's Republic of China signed today by our two governments. During the course of negotiating this Agreement, both sides discussed questions relating to the nature and availability of agricultural export programs administered by the U.S. Department of Agriculture.

The Government of the United States of America and the Government of the People's Republic of China recognize that export credit can play a constructive role in facilitating trade in agricultural commodities between the two countries. It desired by the Government of the People's Republic of China during the period the Agreement is in force the Government of the United States of America will be prepared to consider credit arrangements, subject to applicable United States laws and regulations, under the programs administered by the U.S. Department of Agriculture on terms no less favorable than those offered to other foreign commercial customers.

With my highest consideration,

Sincerely,

Leonard Woodcock
Ambassador of the United States of America

Chinese Text of the American Letter

中华人民共和国对外贸易部部长

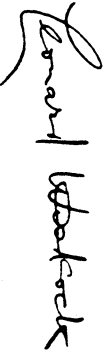
李探问下

亲爱的部长先生：

我荣幸地提及今天两国政府签署的美利坚合众国政府和中华人民共和国政府之间的粮食贸易协议。在该协议谈判的过程中，双方就美国农业部主管的农业出口方案的性质及其使用问题，进行了讨论。

美利坚合众国政府和中华人民共和国政府认为出口信贷对促进两国间农产品贸易方面能起建设性作用。如果在协议有效期内，中华人民共和国政府表示愿意，美利坚合众国政府愿按照美国现行法律和规定考虑美国农业部主管的方案项下的信贷安排，其优惠程度不差于美国向其它外国商业主顾所提供的条件。 顺致最崇高的敬意。

美利坚合众国大使



一九八〇年十月二十二日于北京

美利坚合众国大使
伦纳德·伍德科克阁下

亲爱的大使先生：

我收到了你今天关于两国政府签署的中华人民共和国政府和美利坚合众国政府协议的来信。来信内容如下：

“我荣幸地提及今天两国政府签署的中华人民共和国政府和美利坚合众国政府之间的粮食贸易协议。在该协议谈判的过程中，双方就美国农业部主管的农业出口方案的性质及其使用问题，进行了讨论。”

美利坚合众国政府和中华人民共和国政府认为出口信贷对促进两国间农产品贸易方面能起建设性作用。如果在协议有效期内，中华人民共和国政府表示愿意，美利坚合众国政府愿按照美国现行法律和规定考虑美国农业部主管的方案项下的信贷安排，其优惠程度不差于美国向其它外国商业主顾所提供的条件。”

我确认你上述来信的内容是正确的。
顺致最崇高的敬意。

中华人民共和国对外贸易部部长



一九八〇年十月二十二日于北京

English Text of the Chinese Letter

Beijing, People's Republic of China

October 22, 1980

His Excellency Leonard Woodcock
Ambassador of the United States of America
Beijing, People's Republic of China

Dear Mr. Ambassador:

I am in receipt of your letter of today's date relating to the Agreement between the Government of the People's Republic of China and the Government of the United States of America signed by our two governments. Your letter reads as follows:

"I have the honor to refer to the Agreement on grain trade between the Government of the United States of America and the Government of the People's Republic of China signed today by our two governments. During the course of negotiating this agreement, both sides discussed questions relating to the nature and availability of agricultural export programs administered by the U.S. Department of Agriculture."

"The Government of the United States of America and the Government of the People's Republic of China recognize that export credit can play a constructive role in facilitating trade in agricultural commodities between the two countries. If desired by the Government of the People's Republic of China during the period the Agreement is in force the Government of the United States of America will be prepared to consider credit arrangements, subject to applicable United States laws and regulations, under the programs administered by the U.S. Department of Agriculture on terms no less favorable than those offered to other foreign commercial customers."

I confirm the above contents of your letter as correct.
With my highest consideration,

Sincerely,

Li Qiang

Li Qiang
Minister
Ministry of Foreign Trade
of the People's Republic of China

EMBASSY OF THE
UNITED STATES OF AMERICA
Beijing, People's Republic of China
October 22, 1980

Mr. Zhang Jianhua
President
China National Cereals, Oils and Foodstuffs
Import and Export Corporation
Beijing, People's Republic of China

Dear Mr. Zhang:

I have the honor to refer to the Agreement on grain trade signed today by our two governments, and to the discussion leading to the formulation of Article III of that Agreement. As these discussions established, Article III is designed to promote rather than to restrict grain trade between our two countries. Nevertheless, for purchases above the amounts specified, the prior consideration and concurrence of both parties would be required.

To best accomplish these ends, we agreed in our discussion that China National Cereals, Oils and Foodstuffs Import and Export Corporation would provide notification prior to any purchases in excess of 9 million metric tons. Under normal circumstances the United States would promptly provide affirmative response or, in exceptional circumstances, would request immediate consultations leading to agreement on an acceptable level of trade.

I believe these arrangements will most effectively achieve our objective of promoting the growth of grain trade between our two countries.

Sincerely,

J. Stapleton Roy

J. Stapleton Roy
Minister-Counselor
Embassy of the United States of America

Chinese Text of the American Letter

EMBASSY OF THE
UNITED STATES OF AMERICA
BEIJING, PEOPLES REPUBLIC OF CHINA

中国粮油食品进出口总公司总经理

张廷华先生

亲爱的张先生：

我荣幸地就美国政府今天全部的粮食贸易协议和为促进该协议第三条所指所进行的讨论。如讨论所确定的，第三条的目的是促进而不是限制我们两国之间的粮食贸易。但是，对于任何高于规定数量的购买，双方须事先予以考虑并达成协议。

为更好地达到此目的，我们在讨论中同意：中国粮油食品进出口公司可在一次数量超过九万吨时，特事先提出通知，一般情况下美国特事先给予肯定的答复，或者在特殊情况下，要求立即举行磋商，则可以较快的贸易水平达成协议。

我相信，这些安排将有效地达到促进两国粮食贸易扩大之目的。

美国驻北京大使馆公使柯蒂斯

一九五〇年十月二十二日于北京

TIANS 0830

中国粮油食品进出口总公司
CHINA NATIONAL CEREALS, OILS AND FOODSTUFFS
IMPORT & EXPORT CORPORATION
NO. YONG AN MEN STREET,
PEKING, CHINA.

CABLE ADDRESS:
"CEREAL FOOD" PEKING.

YOUR REF. IN
OUR REF. IN

美利坚合众国大使馆公使柯蒂斯

芮效俭先生

亲爱的芮先生：

我收到了你今天上午关于两国政府签署的中华人民共和国政府和美利坚合众国政府协议的书信。来信内容如下：

“我荣幸地提及两国政府今天全部的粮食贸易协议和为促进该协议第三条所指所进行的讨论。如讨论所确定的，第三条的目的是促进而不是限制我们两国之间的粮食贸易。但是，对于任何高于规定数量的购买，双方须事先予以考虑并达成协议。

为更好地达到此目的，我们在讨论中同意：中国粮油食品进出口公司在购买数量超过九万吨时，特事先提出通知，一般情况下美国特事先给予肯定的答复，或者在特殊情况下，要求立即举行磋商，则可以较快的贸易水平达成协议。

我相信，这些安排将有效地达到促进两国粮食贸易扩大之目的。”
我确认你上述来信的内容是正确的。

中国粮油食品进出口公司总经理

一九五〇年十月二十二日于北京

PTAS 0830A

English Text of the Chinese Letter

中國糧油食品進出口總公司
CHINA NATIONAL CEREALS, OILS AND FOODSTUFFS
IMPORT & EXPORT CORPORATION

81 TUNG AN MEN STREET,
PEKING, CHINA.

CABLE ADDRESS:
CERNUPROO# PEKING.

YOUR REF. N

OUR REF. N

October 22, 1980 197

Mr. J. Stapleton Roy
Minister-Counselor
Embassy of the United States of America
Beijing, People's Republic of China

Dear Mr. Roy:

I am in receipt of your letter of today's date relating to the Agreement between the Government of the People's Republic of China and the Government of the United States of America signed by our two governments. Your letter reads as follows:

"I have the honor to refer to the Agreement on grain trade signed today by our two governments, and to the discussion leading to the formulation of Article III of that Agreement. As these discussions established, Article III is designed to promote rather than to restrict grain trade between our two countries. Nevertheless, for purchases above the amounts specified, the prior consideration and concurrence of both parties would be required.

"To best accomplish these ends, we agreed in our discussion that China National Cereals, Oils and Foodstuffs Import and Export Corporation would provide notification prior to any purchases in excess of 9 million metric tons. Under normal circumstances the United States would promptly provide affirmative response or, in exceptional circumstances, would request immediate consultations leading to agreement on an acceptable level of trade.

"I believe these arrangements will most effectively achieve our objective of promoting the growth of grain trade between our two countries."

I confirm the above contents of your letter as correct.

Spencer


Zhang Xianghua
President
China National Cereals, Oils and Foodstuffs
Import and Export Corporation

PEOPLE'S REPUBLIC OF CHINA-UNITED STATES: INVESTMENT INCENTIVE
AGREEMENT AND LETTERS OF UNDERSTANDING*

Beijing, October 30, 1980

Note No. (80) Bu Meida 1149

His Excellency
Leonard Woodcock
Ambassador Extraordinary and
Minister Plenipotentiary of
the United States of America
to the People's Republic of
China
Beijing, People's Republic of
China

Excellency:

I have the honor to acknowledge the receipt of your
note of October 30, 1980, which reads:

"I have the honor to refer to conversations which have
recently taken place on the basis of equality and mutual
benefit between representatives of the Government of the
United States of America and of the Government of the
People's Republic of China relating to investments in the
People's Republic of China and to investment insurance
(including reinsurance) and investment guaranties which
are administered by the Overseas Private Investment
Corporation ("OPIC"), an independent government corporation
organized under the laws of the United States of America.
On behalf of the Government of the United States of America,

I also have the honor to confirm the following understandings

*[Reproduced from the texts provided by the U.S. Department of
State. The U.S. Note No. 438 and the U.S. Letter of October 30,
1980, are quoted in their entirety in the Chinese Note No. 80 and
the Chinese Letter of October 30, 1980, and, consequently, have not
been reproduced.]

[Statements and Letters of Understanding made by the U.S. Over-
seas Private Investment Corporation prior to the conclusion of the
Investment Incentive Agreement appear at I.L.M. page 1490.]

[The Overseas Private Investment Corporation was authorized to
operate in the People's Republic of China by Public Law 96-327 of
August 8, 1980.]

1
reached as a result of those conversations:

ARTICLE 1

As used herein, the term "Coverage" shall refer to any investment insurance (including reinsurance) against loss from political risk or to any investment guaranty which is issued in accordance with this Agreement by OPIC or by any successor United States Government agency, OPIC and any such successor being hereinafter referred to as the "Issuer" to the extent of its interest as insurer or reinsurer in any Coverage.

ARTICLE 2

The procedures set forth in this Agreement shall apply only with respect to Coverage of investments relating to projects or activities approved by the Government of the People's Republic of China.

ARTICLE 3

(a) If the Issuer makes payment to any investor under Coverage, the Government of the People's Republic of China shall, subject to the provisions of Article 4 hereof, recognize the transfer to the Issuer of any currency, credits, assets, or investment on account of which payment under such Coverage is made, as well as the succession of the Issuer to any right, title, claim, or cause of action existing, or which may arise, in connection therewith, subject to existing legal obligations.

(b) The Issuer shall assert no greater rights than those of the transferring investor with respect to any interests transferred or succeeded to under this paragraph. The Government of the United States of America does, however, reserve its rights to assert a claim in its sovereign capacity under international law.

ARTICLE 4

To the extent that the laws of the People's Republic of China partially or wholly invalidate or prohibit the acquisition from a covered investor of any interest in any property within the territory of the People's Republic of China by the Issuer, the Government of the People's Republic of China shall permit such investor and the Issuer to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the People's Republic of China.

ARTICLE 5

Amounts in the lawful currency of the People's Republic of China, including credits thereof, acquired by the Issuer by virtue of such Coverage shall be accorded treatment by the Government of the People's Republic of China no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of the covered investor. Such amounts and credits shall be freely available for use by the Government of the United States of America to meet its expenditures in the territory of the People's Republic of China. Such amounts and credits may also be transferred by the Issuer to any person or entity agreed by the Government of the People's Republic of China for use by such person or entity in the territory of the People's Republic of China.

ARTICLE 6

(a) Any dispute between the Government of the United States of America and the Government of the People's

Republic of China regarding the interpretation of this Agreement or which, in the opinion of one of the Governments, involves a question of public international law arising out of any investment or project or activity relating to such investment for which Coverage has been issued shall be resolved, insofar as possible, through negotiations between the two Governments. If at the end of three months following the request for negotiations the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of public international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with Article 6 (b).

(b) The arbitral tribunal for resolution of disputes pursuant to Article 6 (a) shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a President by common agreement who shall be a citizen of a third state and be appointed by the two Governments. The arbitrators shall be appointed within two months and the President within three months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the Secretary General of the United Nations to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public

international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) Each Government shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal; the expenses of the President and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

ARTICLE 7 [*]

The two Governments, desiring reciprocity, agree that, in the event the Government of the People's Republic of China is authorized under its law to issue coverage for investments in any project or activity within the United States of America under a program similar to the investment incentive program to which this Agreement relates, there shall be, upon the request of either Government, an exchange of notes to make applicable, with respect to such investments made in the United States of America, provisions equivalent to those of this Agreement.

ARTICLE 8

Upon receipt of a note of confirmation from Your Excellency on behalf of the Government of the People's Republic of China indicating that the foregoing provisions are acceptable, this note and your reply thereto shall constitute an Agreement between our two Governments on this subject, and enter into force on the date of your reply. This Agreement shall continue in force until six

*[See I.L.M. page 1490 for U.S. interpretation of Article 7.]

months from the date of receipt of a note by which one Government informs the other of a request for the termination of the Agreement. In such event, the provisions of the Agreement with respect to Coverage issued while the Agreement was in force shall remain in force for the duration of such Coverage, but in no case longer than twenty years after the denunciation of the Agreement."

On behalf of the Government of the People's Republic of China, I have the honor to confirm our agreement to the contents of the above note.

Please accept, Excellency, the renewed assurances of my highest consideration.

Zhang Wenjin
Vice Minister of Foreign Affairs
People's Republic of China

Beijing October 30, 1980

His Excellency
Leonard Woodcock
Ambassador Extraordinary and
Minister Plenipotentiary of
the United States of America
to the People's Republic of
China
Beijing, People's Republic of
China

Excellency:

I have the honor to refer to the Investment Incentive Agreement between our two Governments and to your letter of today's date which reads:

"I have the honor to refer to the Investment Incentive Agreement between the Government of the United States of America and the Government of the People's Republic of China, effective by an exchange of notes on October 30, 1980 (the "Agreement"), relating to investment insurance and investment guaranties which are administered by the Overseas Private Investment Corporation. ("OPIC").

Article 2 of the Agreement states that the procedures set forth in the Agreement shall apply only with respect to coverage of investments relating to projects or activities approved by the Government of the People's Republic of China. I wish to confirm my understanding that for purposes of Article 2 of the Agreement, the procedure for approval by the Government of the People's Republic of China shall be as follows:

(1) Approval of a project or activity by the Foreign Investment Commission ("FIC") shall constitute approval by the Government of the People's Republic of China for purposes of Article 2 of the Agreement. After a project or activity has received such approval, investment insurance or guaranties issued by OPIC for investments which are related to such project or activity shall be governed by the procedures set forth in the Agreement. Such related investments include the following:

(a) equity investments and loans by investors in projects or activities approved by FIC;

(b) loans from financial institutions to projects or activities approved by FIC; and

(c) transfer of technology, service and management agreements with projects or activities approved by FIC.

(2) For purposes of Article 2 of the Agreement, any project or activity approved by the Administrative Commissions for Special Economic Zones of concerned provinces in accordance with Chinese legislation shall be deemed as approval by the Chinese Government.

(3) In case of a project or activity which does not require the approval set forth in (1) or (2) above, upon request by the Government of the United States of America, FIC shall as soon as possible advise it of the appropriate agency or instrumentality of the Government of the People's Republic of China to issue such approval on behalf of the Chinese Government and shall inform the United States Government of the decision of such agency or instrumentality for purposes of Article 2 of the Agreement.

I would be grateful for your confirmation that this is also your understanding."

On behalf of the Government of the People's Republic of China, I have the honor to confirm our agreement to the contents of the above letter.

Please accept, Excellency, the renewed assurances of my highest consideration.

Zhang Wenjin
Vice Minister of Foreign Affairs
People's Republic of China

STATEMENT OF PAUL R. GILBERT, VICE PRESIDENT AND GENERAL
COUNSEL, OVERSEAS PRIVATE INVESTMENT CORPORATION, REGARDING
U.S. - CHINA INVESTMENT INCENTIVE AGREEMENT, MADE ORALLY TO
CHINESE DELEGATION ON OCTOBER 4, 1980 AND DELIVERED BY HAND ON
OCTOBER 7, 1980

With respect to Article 7 of the Agreement, the
Government of the United States of America wishes to inform
the Government of the People's Republic of China that
the United States Government interprets Article 7 to mean
that an exchange of notes taking action contemplated by
Article 7 will be subject to the legal requirements in the
United States of America for taking such action, including
any necessary implementing legislation.



Paul R. Gilbert
Vice President and General
Counsel
Overseas Private Investment
Corporation

October 7 , 1980

Mr. Chen Shuzhi
Vice President
Chinese International Trust
and Investment Corporation
Beijing, China

Dear Mr. Chen:

In connection with our discussions relating to the Investment
Incentive Agreement covering the procedures for the operation
of the investment insurance programs of the Overseas Private
Investment Corporation ("OPIC"), you have inquired as to
whether the issuance by OPIC of investment insurance covering
losses resulting from war, revolution, and insurrection
would create an obligation for the Government of the People's

Republic of China. I wish to inform you that the issuance of such coverage would not obligate the Government of the People's Republic of China to reimburse the insured investor or OPIC for losses resulting from war, revolution, or insurrection.

Sincerely yours,



Paul R. Gilbert
Vice President and General Counsel
Overseas Private Investment Corporation

October 7, 1980

Mr. Chen Shuzhi
Vice President
China International Trust and
Investment Corporation
Beijing

Dear Mr. Chen:

The United States reaffirms that the continuing cultural, commercial and other relations between the people of the United States and the people on Taiwan are nongovernmental in nature. As stated in the Joint Communiqué issued by the United States of America and the People's Republic of China on December 15, 1978, in connection with the normalization of relations between our two countries, the United States of America recognizes the Government of the People's Republic of China as the sole legal government of China and acknowledges the Chinese position that there is but one China and Taiwan is part of China. Within this context, the people of the United States maintain cultural, commercial, and other unofficial relations with the people of Taiwan. Agreements concluded with the Taiwan authorities are administered on a nongovernmental basis by the American Institute on Taiwan, a nonprofit District of Columbia Corporation, and constitute neither recognition of the Taiwan authorities nor the continuation of any official relationships with Taiwan.

Very truly yours,



Paul R. Gilbert
Vice President and General Counsel
Overseas Private Investment Corporation

CHINA-UNITED STATES: AGREEMENT FOR THE AVOIDANCE OF
DOUBLE TAXATION AND THE PREVENTION OF TAX EVASION ON INCOME*
[Done at Beijing, April 30, 1984]

AGREEMENT BETWEEN THE GOVERNMENT OF THE
UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA FOR THE
AVOIDANCE OF DOUBLE TAXATION AND THE
PREVENTION OF TAX EVASION WITH
RESPECT TO TAXES ON INCOME

The Government of the United States of America and the Government
of the People's Republic of China,

Desiring to conclude an Agreement for the avoidance of double
taxation and the prevention of tax evasion with respect to taxes on
income,

Have agreed as follows:

ARTICLE 1

This Agreement shall apply to persons who are residents of one or
both of the Contracting States.

ARTICLE 2

1. The taxes to which this Agreement applies are

a) in the People's Republic of China:

- (i) the individual income tax;
- (ii) the income tax concerning joint ventures with Chinese and
foreign investment;
- (iii) the income tax concerning foreign enterprises;
- (iv) the local income tax

(hereinafter referred to as "Chinese tax").

*[Reproduced from the text provided by the U.S. Department of
the Treasury. The Protocol at I.L.M. page 701 is an integral part
of the Agreement. An exchange of letters between China and the
United States, at the time of signature, contains an understanding
with regard to Article 22 and "tax sparing credits". The text
appears at I.L.M. page 703.]

[To date, the United States has no tax sparing credit provisions
in any other agreements, and it is unlikely that such a provision
will be incorporated in this Agreement.]

b) in the United States of America: the Federal income taxes imposed by the Internal Revenue Code

(hereinafter referred to as "United States tax").

2. The Agreement shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Agreement in addition to, or in place of, those referred to in paragraph 1. Within an appropriate time period, the competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

ARTICLE 3

1. In this Agreement, unless the context otherwise requires,

- a) the term "the People's Republic of China", when used in a geographical sense, means all the territory of the People's Republic of China, including its territorial sea, in which the laws relating to Chinese tax are in force, and all the area beyond its territorial sea, including the sea-bed and subsoil thereof, over which the People's Republic of China has jurisdiction in accordance with international law and in which the laws relating to Chinese tax are in force;
- b) the term "United States of America", when used in a geographical sense, means all the territory of the United States of America, including its territorial sea, in which the laws relating to United States tax are in force, and all the area beyond its territorial sea, including the sea-bed and subsoil thereof, over which the United States of America has jurisdiction in accordance with international law and in which the laws relating to United States tax are in force;
- c) the terms "a Contracting State" and "the other Contracting State" mean the People's Republic of China or the United States of America, as the context requires;

- d) the term "tax" means Chinese tax or United States tax, as the context requires;
- e) the term "person" includes an individual, a company, a partnership and any other body of persons;
- f) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
- g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- h) the term "nationals" means all individuals having the nationality of a Contracting State and all legal persons, partnerships and other bodies of persons deriving their status as such from the law in force in a Contracting State;
- i) the term "competent authority" means
 - (i) in the People's Republic of China, the Ministry of Finance or its authorized representative; and
 - (ii) in the United States of America, the Secretary of the Treasury or his authorized representative.

2. As regards the application of the Agreement by a Contracting State any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State concerning the taxes to which the Agreement applies.

ARTICLE 4

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that Contracting State, is liable to tax therein by reason of his domicile, residence, place of head office, place of incorporation or any other criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then the competent authorities of the Contracting States shall determine through consultations the Contracting State of which that individual shall be deemed to be a resident for the purposes of this Agreement.

3. Where by reason of the provisions of paragraph 1 a company is a resident of both Contracting States, then the competent authorities of the Contracting States shall determine through consultations the Contracting State of which the company shall be deemed to be a resident for the purposes of this Agreement, and, if they are unable to so determine, the company shall not be considered to be a resident of either Contracting State for purposes of enjoying benefits under this Agreement.

4. Where by reason of the provisions of paragraph 1 a company is a resident of the United States of America, and, under a tax agreement between the People's Republic of China and a third country is also a resident of that third country, the company shall not be considered to be a resident of the United States of America for purposes of enjoying benefits under this Agreement.

ARTICLE 5

1. For the purposes of this Agreement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term "permanent establishment" includes especially:

- a) a place of management;
- b) a branch;
- c) an office;
- d) a factory;
- e) a workshop; and
- f) a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources.

3. The term "permanent establishment" also includes:
- a) a building site, a construction, assembly or installation project, or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than six months;
 - b) an installation, drilling rig or ship used for the exploration or exploitation of natural resources, but only if so used for a period of more than three months; and
 - c) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where such activities continue (for the same or a connected project) within the country for a period or periods aggregating more than six months within any twelve month period.
4. Notwithstanding the provisions of paragraphs 1 through 3, the term "permanent establishment" shall be deemed not to include:
- a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
 - b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or of collecting information, for the enterprise;
 - e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

f) the maintenance of a fixed place of business solely for any combination of the activities mentioned in subparagraphs a) through e), provided that the overall activity of the fixed place of business resulting from this combination is of preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person, other than an agent of an independent status to whom paragraph 6 applies, is acting on behalf of an enterprise and has and habitually exercises in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that Contracting State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph if it is shown that the transactions between the agent and the enterprise were not made under arm's-length conditions.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

ARTICLE 6

1. Income derived by a resident of a Contracting State from real property situated in the other Contracting State may be taxed in that other Contracting State.
2. The term "real property" shall have the meaning which it has under the laws of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to real property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of real property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as real property.
3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting or use in any other form of real property.
4. The provisions of paragraphs 1 and 3 shall also apply to the income from real property of an enterprise and to income from real property used for the performance of independent personal services.

ARTICLE 7

1. The profits of an enterprise of a Contracting State shall be taxable only in that Contracting State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other Contracting State but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities

under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties or other similar payments or by way of interest on money lent to the permanent establishment.

Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties or other similar payments or by way of interest on money lent to the head office of the enterprise or any of its other offices.

4. Insofar as the tax law of a Contracting State provides with respect to a specific industry that the profits to be attributed to a permanent establishment are to be determined on the basis of a deemed profit, nothing in paragraph 2 shall preclude that Contracting State from applying those provisions of its law, provided that the result is in accordance with the principles contained in this Article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. For the purposes of paragraphs 1 through 5, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 8

1. Where

- a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State; or
- b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case the relationship between the two enterprises in their commercial or financial relations differs from that which would exist between independent enterprises, then any profits which, but for those conditions would have accrued to one of the enterprises, but by reason of those conditions have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profits of an enterprise of that Contracting State--and taxes accordingly--profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State, and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be paid to the other provisions of this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.

ARTICLE 9

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other Contracting State.
2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that Contracting State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed 10 percent of the gross amount of the dividends.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the taxation laws of the Contracting State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State, of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the holding or other corporate rights in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 13, as the case may be, shall apply.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of

that other Contracting State or insofar as the holding or other corporate rights in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other Contracting State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in that other Contracting state.

ARTICLE 10

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting state.
2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting state, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10 percent of the gross amount of the interest.
3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and derived by the government of the other Contracting State, a political subdivision or local authority thereof, the Central Bank of that other Contracting State or any financial institution wholly owned by that government, or by any resident of the other Contracting State with respect to debt-claims indirectly financed by the government of that other Contracting State, a political subdivision or local authority thereof, the Central Bank of that other Contracting State or any financial institution wholly owned by that government, shall be exempt from tax in the first-mentioned Contracting State.
4. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's

profits, and in particular, income from government securities, and income from bonds or debentures, including premiums or prizes attaching to such securities, bonds, or debentures.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 13, as the case may be, shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is the government of that Contracting State itself, a political subdivision, a local authority or a resident of that Contracting State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

ARTICLE 11

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting state.
2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that Contracting state, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 10 percent of the gross amount of the royalties.
3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work, including cinematographic films or films or tapes used for radio or television broadcasting, any patent, technical know-how, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 13, as the case may be, shall apply.
5. a) Royalties will be deemed to arise in a Contracting State when the payer is the government of that Contracting State itself, a political subdivision, a local authority or a resident of that Contracting State. Where, however, the person paying the

royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

b) Where under subparagraph a) royalties do not arise in one of the Contracting States, and the royalties relate to the use of, or the right to use, the right or property in one of the Contracting States, the royalties shall be deemed to arise in that Contracting State.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right, or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

ARTICLE 12

1. Gains derived by a resident of a Contracting State from the alienation of real property referred to in Article 6 and situated in the other Contracting State may be taxed in that other Contracting State.

2. Gains from the alienation of movable (personal) property forming part of the business assets of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State,

or of movable (personal) property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or such a fixed base, may be taxed in that other Contracting State.

3. Gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic and of movable (personal) property pertaining to the operation of such ships or aircraft shall be taxable only in that Contracting State.

4. Gains from the alienation of shares of the capital stock of a company the property of which consists directly or indirectly principally of real property situated in a Contracting State may be taxed in that Contracting State.

5. Gains from the alienation of shares other than those mentioned in paragraph 4 representing a participation of 25 percent in a company which is a resident of a Contracting State may be taxed in that Contracting State.

6. Gains derived by a resident of a Contracting State from the alienation of any property other than that referred to in paragraphs 1 through 5 and arising in the other Contracting State may be taxed in the other Contracting State.

ARTICLE 13

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that Contracting State, unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities or he is present in that other Contracting State for a period or periods exceeding in the aggregate 183 days in the calendar year concerned. If he has such a fixed base or remains in that other Contracting State

for the aforesaid period or periods, the income may be taxed in that other Contracting State, but only so much of it as is attributable to that fixed base or is derived in that other Contracting State during the aforesaid period or periods.

2. The term "professional services" includes, especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

ARTICLE 14

1. Subject to the provisions of Articles 15, 17, 18, 19 and 20, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that Contracting State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Contracting State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

- a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned; and
- b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State; and
- c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting State.

ARTICLE 15

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of

directors of a company which is a resident of the other Contracting state may be taxed in that other Contracting State.

ARTICLE 16

1. Notwithstanding the provisions of Articles 13 and 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio, or television artiste, or a musician, or as an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.

However, income derived by a resident of a Contracting State as an entertainer or athlete from activities exercised in accordance with a special program for cultural exchange agreed upon by the governments of both Contracting States shall be exempt from tax by the other Contracting State.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 13 and 14, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

However, if those activities are exercised in accordance with a special program for cultural exchange agreed upon by the governments of both Contracting States, the income so derived shall be exempt from tax by the other Contracting State.

ARTICLE 17

1. Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that Contracting State.

2. Notwithstanding the provisions of paragraph 1, pensions and other payments made by the government, a political subdivision or a local

authority of a Contracting State under its social security system or public welfare plan shall be taxable only in that Contracting State.

ARTICLE 18

1. a) Remuneration, other than a pension, paid by the government or a political subdivision or a local authority of a Contracting State to an individual in respect of services rendered to that government or subdivision or authority shall be taxable only in that Contracting State.
- b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that other Contracting State and the individual is a resident of that other Contracting State who:
 - (i) is a national of that other Contracting State; or
 - (ii) did not become a resident of that other Contracting State solely for the purpose of rendering the services.
2. a) Any pension paid by, or out of funds created by, the government or a political subdivision or a local authority of a Contracting State to an individual in respect of services rendered to that government or subdivision or authority shall be taxable only in that Contracting State.
- b) However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that other Contracting State.
3. The provisions of Articles 14, 15, 16 and 17 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by the government or a political subdivision or a local authority of a Contracting State.

ARTICLE 19

An individual who is, or immediately before visiting a Contracting State was, a resident of the other Contracting State and is

temporarily present in the first-mentioned Contracting State for the primary purpose of teaching, giving lectures or conducting research at a university, college, school or other accredited educational institution or scientific research institution in the first-mentioned Contracting State shall be exempt from tax in the first-mentioned Contracting State for a period not exceeding three years in the aggregate in respect of remuneration for such teaching, lectures or research.

ARTICLE 20

A student, business apprentice or trainee who is or was immediately before visiting a Contracting State, a resident of the other Contracting State and who is present in the first-mentioned Contracting State solely for the purpose of his education, training or obtaining special technical experience shall be exempt from tax in that Contracting State with respect to:

- a) payments received from abroad for the purpose of his maintenance, education, study, research or training;
- b) grants or awards from a government, scientific, educational or other tax-exempt organization; and
- c) income from personal services performed in that Contracting State in an amount not in excess of 5,000 United States dollars or its equivalent in Chinese yuan for any taxable year.

The benefits provided under this Article shall extend only for such period of time as is reasonably necessary to complete the education or training.

ARTICLE 21

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that Contracting State.

2. The provisions of paragraph 1 shall not apply to income other than that from real property as defined in paragraph 2 of Article 6 if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or 13, as the case may be, shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Agreement and arising in the other Contracting State may also be taxed in that other Contracting State.

ARTICLE 22

1. In the People's Republic of China, double taxation shall be eliminated as follows:

- a) Where a resident of China derives income from the United States, the amount of the United States income tax payable in respect of that income in accordance with the provisions of this Agreement shall be allowed as a credit against the Chinese tax imposed on that resident. The amount of credit, however, shall not exceed the amount of the Chinese tax computed with respect to that income in accordance with the taxation laws and regulations of China.
- b) Where the income derived from the United States is a dividend paid by a company which is a resident of the United States to a company which is a resident of China and which owns not less than 10 percent of the shares of the company paying the dividend, the credit shall take into account the United States income tax payable by the company paying the dividend in respect of the profits out of which the dividends are paid.

F

2. In the United States of America, in accordance with the provisions of the law of the United States, the United States shall allow to a resident or citizen of the United States as a credit against the United States tax on income:

- a) the income tax paid to China by or on behalf of such resident or citizen; and
- b) in the case of a United States company owning at least 10 percent of the voting rights in a company which is a resident of China and from which the United States company receives dividends, the income tax paid to China by or on behalf of the distributing company with respect to the profits out of which the dividends are paid.

For the purposes of this paragraph of this Agreement, the taxes referred to in paragraphs 1a) and 2 of Article 2 shall be considered income taxes.

3. Income derived by a resident of a Contracting State which may be taxed in the other Contracting State in accordance with this Agreement shall be deemed to arise in that other Contracting State.

ARTICLE 23

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other Contracting State in the same circumstances are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, apply to persons who are not residents of one or both of the Contracting States.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the

same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of Article 8, paragraph 7 of Article 10 or paragraph 6 of Article 11 apply, interest, royalties and other disbursements paid by a resident of a Contracting State to a resident of the other Contracting State shall, for the purposes of determining the taxable profits of the first-mentioned resident, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned Contracting State.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned Contracting State are or may be subjected.

ARTICLE 24

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those Contracting States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 23, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Agreement.

2. The competent authority shall endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case through consultation with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not provided for in this Agreement.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of paragraphs 2 and 3. To facilitate reaching a mutual agreement, the competent authorities of both Contracting States may meet for an oral exchange of opinions.

ARTICLE 25

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by this Agreement insofar as the taxation thereunder is not contrary to this Agreement, in particular for the prevention of fraud or evasion of such taxes. The exchange of information is not restricted by Article 1. Any information received by a Contracting State shall be treated as secret and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment, collection, or administration of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Agreement. Such persons or authorities shall use the information only

for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy.

ARTICLE 26

Nothing in this Agreement shall affect the fiscal privileges of diplomatic agents or consular officers under the general rules of international law or under the provisions of special agreements.

ARTICLE 27

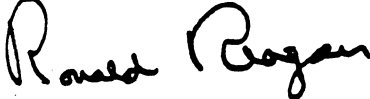
Each of the Contracting States shall notify the other Contracting State in writing, through diplomatic channels, upon the completion of their respective legal procedures to bring this Agreement into force. The Agreement shall enter into force on the thirtieth day after the date of the letter of such notifications and shall take effect as respects income derived during taxable years beginning on or after the first day of January next following the date on which this Agreement enters into force.

ARTICLE 28

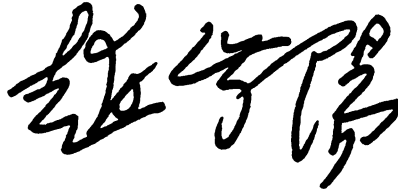
This Agreement shall remain in force indefinitely, but either Contracting State may terminate the Agreement by giving notice to the other Contracting State in writing through diplomatic channels on or before June 30 in any calendar year after five years from the date on which this Agreement enters into force. In such event, the Agreement shall cease to have effect with respect to income derived during taxable years beginning on or after the first day of January of the year following that in which the notice of termination is given.

DONE at Beijing on the 30th day of April, 1984, in duplicate, in the Chinese and English languages, the two texts having equal authenticity.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA:



PROTOCOL TO THE AGREEMENT BETWEEN THE GOVERNMENT OF
THE UNITED STATES OF AMERICA AND THE GOVERNMENT
OF THE PEOPLE'S REPUBLIC OF CHINA FOR
THE AVOIDANCE OF DOUBLE TAXATION AND
THE PREVENTION OF TAX EVASION
WITH RESPECT TO TAXES ON INCOME

At the signing of the Agreement between the Government of the United States of America and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income (hereinafter referred to as "the Agreement"), both sides have agreed upon the following provisions which form an integral part of the Agreement:

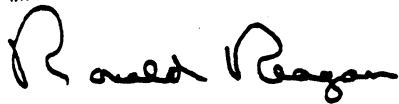
1. This Agreement shall not restrict in any manner any tax benefit which is or may hereafter be accorded in a Contracting State by the laws of that Contracting State or by any Agreement between the governments of the Contracting States.
2. Notwithstanding any provision of the Agreement, the United States may tax its citizens. Except as provided in paragraph 2 of Article 8, paragraph 2 of Article 17, and Articles 18, 19, 20, 22, 23, 24 and 26 of this Agreement, the United States may tax its residents (as determined under Article 4).
3. The United States may impose its social security tax, its personal holding company tax and its accumulated earnings tax notwithstanding any provision of this Agreement. However, a Chinese company shall be exempt from the personal holding company tax or the accumulated earnings tax in the United States during a taxable year if during that taxable year the company is wholly-owned, directly or indirectly, either by one or more individuals who are residents of China (and who are not citizens of the United States) or by the Government of China or any wholly-owned agency thereof.
4. The term "person" as defined in Article 3 of the Agreement shall include an estate or a trust.
5. In applying paragraph 2 of Article 4 of this Agreement, the competent authorities of both Contracting States shall be guided by the rules contained in paragraph 2 of Article 4 of the United Nations Model Double Taxation Convention between Developed and Developing Countries.
6. For purposes of paragraph 3 of Article 11 of this Agreement, it is agreed by both sides that, in the case of royalties paid for the rental of industrial, commercial or scientific equipment, the tax shall be imposed on 70 percent of the gross amount of such royalties.
7. It is agreed by both sides that the competent authorities of the Contracting States may through consultation deny the benefits of

Articles 9, 10 and 11 to a company of a third country if the company becomes a resident of a Contracting State for the principal purpose of enjoying benefits under this Agreement.


8. This Agreement shall not affect the application of the agreement between the two governments with respect to mutual exemption from taxation of transportation income of shipping and air transport enterprises, signed at Beijing on March 5, 1982.

DONE at Beijing on the 30th day of April, 1984, in duplicate, in the Chinese and English languages, the two texts having equal authenticity.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA:



Beijing, April 30, 1984 [*]

Excellency:

I have the honor to refer to the Agreement between the Government of the United States of America and the Government of the People's Republic of China for the

His Excellency

Zhao Ziyang,

Premier of the State Council of the

People's Republic of China.

*[This letter was acknowledged and the understanding confirmed by a letter of the same date from the Premier of the People's Republic of China.]


Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income which was signed today (hereinafter referred to as "the Agreement") and to confirm, on behalf of the Government of the United States of America, the following understanding reached between the two Governments:

Both sides agree that a tax sparing credit shall not be provided in Article 22 of this Agreement at this time. However, the Agreement shall be promptly amended to incorporate a tax sparing credit provision if the United States hereafter amends its laws concerning the provision of tax sparing credits, or the United States reaches agreement on the provisions of a tax sparing credit with any other country.

I have the honor to request Your Excellency to confirm the foregoing understanding on behalf of Your Excellency's Government.

I avail myself of this opportunity to assure Your Excellency of my highest consideration.

President of the
United States of America

A handwritten signature in black ink that reads "Ronald Reagan". The signature is written in a cursive style with a large, prominent initial "R".

POLAND

ECONOMIC AND FINANCIAL COOPERATION

*Exchange of notes at Washington April 24, 1946; Department of State
press release of June 26, 1946
Entered into force April 24, 1946*

60 Stat. 1609; Treaties and Other
International Acts Series 1516

EXCHANGE OF NOTES

The Acting Secretary of State to the Polish Ambassador

WASHINGTON
April 24, 1946

EXCELLENCY:

The Government of the United States, desirous of aiding the people of Poland in their efforts to repair war damages and to reconstruct the Polish economy, expresses its satisfaction at the successful conclusion of the negotiations concerning the opening of credits of \$40,000,000 to the Provisional Government of Poland by the Export-Import Bank of Washington, D.C., and the satisfactory conclusion of arrangements for extending credits up to \$50,000,000 for the purchase by Poland of United States surplus property held abroad.

The Government of the United States hopes that these agreements will prove to be the first step toward durable and mutually beneficial economic and financial cooperation between the Governments of the two countries. It believes, however, that such cooperation can develop fully only if

(1) a general framework is established within which economic relations between Poland and the United States can be effectively organized on the basis of principles set forth in Article VII of the Mutual Aid Agreement of July 1, 1942,¹ so as to result in the elimination of all forms of discriminatory treatment in international commerce, and the reduction of tariffs and other trade barriers;

(2) the Provisional Government of Poland is in accord with the general tenor of the "Proposals for Expansion of World Trade and Employment" recently transmitted to the Provisional Government of Poland by the Government of the United States, and undertakes together with the Government

¹ EAS 257, *ante*, p. 276.

of the United States to abstain, pending the participation of the two Governments in the general international conference on trade and employment contemplated by the "Proposals", from adopting new measures which would prejudice the objectives of the conference;

(3) the Provisional Government of Poland will continue to accord to nationals and corporations of the United States the treatment provided for in the Treaty of Friendship, Commerce and Consular Rights between the United States and Poland, signed June 15, 1931;²

(4) the Government of the United States and the Provisional Government of Poland will make both adequate and effective compensation to nationals and corporations of the other country whose properties are requisitioned or nationalized;

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

The Government of the United States undertakes herewith to honor and to discharge faithfully the obligations which relate to the United States specified in points (1) through (5) above, and would be pleased to receive a parallel undertaking from the Provisional Government of Poland with respect to those obligations specified in points (1) through (5) above which relate to Poland.

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

DEAN ACHESON
Acting Secretary of State

His Excellency

OSKAR LANGE
Ambassador of Poland

The Polish Ambassador to the Secretary of State

AMBASADA R.P.
W WASZYNGTONIE

APRIL 24, 1946

SIR,

The receipt is acknowledged, on behalf of the Provisional Government of Poland of your note of April 24, 1946, reading as follows:

² TS 862, *ante*, p. 237.

[For text of U.S. note, see above.]

Under instructions from my Government, I have the honor to communicate to you the following:

The Provisional Government of Poland shares the views of the United States as expressed by the Secretary of State and undertakes herewith to honor and to discharge faithfully the obligations which relate to Poland specified in points (1) through (5) of the note under reference.

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

OSCAR LANGE

The Honorable
JAMES F. BYRNES
Secretary of State

DEPARTMENT OF STATE PRESS RELEASE 447 OF JUNE 26, 1946

On April 24, 1946, notes were exchanged between the Polish Ambassador and the Acting Secretary of State regarding the conclusion of negotiations for the extension of an Export-Import Bank credit to Poland of \$40,000,000 and for an additional credit of up to \$50,000,000 for the purchase by Poland of United States surplus property held abroad. When these notes were exchanged, the Polish Provisional Government undertook certain obligations.

Subsequently, on May 10, 1946, the Acting Secretary of State announced the suspension of deliveries of surplus property to Poland under the \$50,000,000 credit by reason of the fact that the Polish Provisional Government, in the view of this Government, had failed fully to carry out the obligations undertaken at the time the credits were authorized. Specifically, (1) the texts of the notes exchanged had not been published in Poland, (2) it appeared that American press dispatches from Poland were being subjected to censorship, and (3) the texts of Poland's economic agreements with other countries had not been made available to this Government as promised.

The Polish Provisional Government has recently published the exchange of notes concerning the credits and the question of censorship has been satisfactorily clarified. Assurances have now been given to the American Ambassador at Warsaw indicating that the texts of Poland's economic agreements will be furnished to this Government.

In view of these assurances and in consideration of the important role which these surplus materials are to play in assisting the Polish people to rebuild their devastated country, this Government has acceded to the request of the Polish Provisional Government and has authorized the resumption of surplus property deliveries to Poland.

POLISH PEOPLE'S REPUBLIC

Development of Agricultural Trade

*Joint statement signed at Washington October 8, 1974;
Entered into force October 8, 1974.*

(2763)

TIAS 7944

JOINT STATEMENT
ON THE DEVELOPMENT OF AGRICULTURAL TRADE BETWEEN
THE UNITED STATES OF AMERICA AND
THE POLISH PEOPLE'S REPUBLIC

The Government of the United States of America and
the Government of the Polish People's Republic, hereinafter
referred to as the Parties,

- In order to contribute to the liberalization
of international trade,

- Taking into account the fifty year history of
American-Polish agricultural trade both in imports and
exports, the desire of both countries to expand this trade
for the mutual benefit of their economies, and the fact
that Poland is an important buyer of United States
agricultural commodities and an important seller of
agricultural products to the United States of America,

Agreed on the following statement:

I

The two Parties will exchange on a regular basis agricultural economic information, including forward estimates on supply and demand, and trade for major agricultural commodities in order to ensure harmonious development of trade in agricultural products.

II

In July of each year the Polish Party will provide the United States Department of Agriculture with a list of agricultural commodities and their quantities which Poland intends to import for its own needs, subject inter alia to the availability of financing, from the United States for the following three crop years, and, as crop information becomes available thereafter, the United States Party will provide the Polish Party with estimates of market demand and export abilities.

The United States Party declares its intention to assure that Polish foreign trade enterprises may purchase commodities in the United States market, subject to availabilities, up to the levels specified in the current version of the list to be provided by Poland.

The United States Party recognizes Poland as a traditional and valuable CCC credit customer and will accord Poland's future applications for CCC credit no less favorable treatment than will be accorded to applications

TIAS 7944

from other socialist countries and developed countries under the criteria then being applied in determining the availability of CCC credit.

To introduce more stability into commodity markets, the two Parties will encourage the conclusion of long term purchasing agreements between private United States exporters of agricultural commodities and Polish foreign trade enterprises.

Taking into account the importance of the volume and growth of two-way agricultural trade to both Parties, each declares its intention to facilitate bilateral trade in agricultural products. Each Party reaffirms the desirability of treating imports from the other in accordance with the most favored nation principle and the General Agreement on Tariffs and Trade.^[1]

The Polish Party expressed appreciation for cooperation in veterinary science which has facilitated trade between the two countries and both Parties agreed to continue and expand as necessary cooperative activity in this area, as well as in phyto-sanitary control, standardization and quality control.

In furtherance of the above, a permanent working group on agricultural trade will be established within the framework of the joint American-Polish Trade Commission, and the working group will meet not less than once a year for consultations on the state of the international agricultural economy and trade between the United States and Poland. In order to promote further mutually beneficial


¹ TIAS 1700; 61 Stat., pts. 5 and 6.

trade, the working group will also explore the possibilities of future closer cooperation in various fields of agriculture.


Both Parties support the Tokyo Declaration on the Multilateral Trade Negotiations ^[1] and agree that nothing in this declaration shall prejudice or modify existing undertakings by either country under the General Agreement on Tariffs and Trade.

Washington, October 8, 1974.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:


Clayton Yeutter
Assistant Secretary
of Agriculture

FOR THE GOVERNMENT OF THE
POLISH PEOPLE'S REPUBLIC:


Henryk Kisiel
First Deputy Minister
of Foreign Trade and
Maritime Economy

¹ Department of State Bulletin, Oct. 8, 1973, p. 450.

TIAS 7944

POLAND-UNITED STATES: INVESTMENT GUARANTY AGREEMENT*
 [Done at Warsaw, October 13, 1989]
 +Cite as 28 I.L.M. 1393 (1989)+

Introductory Note
 by
Robert C. O'Sullivan

This Agreement, which was signed at Warsaw, on October 13, 1989, makes available in Poland the U.S. Government's political risk insurance, project finance, and other investment encouragement programs which are administered by the Overseas Private Investment Corporation (OPIC). The OPIC Agreement with Poland is, in substance, the standard form of agreement. The only significant difference has to do with entry into force. OPIC agreements are executive agreements, and so the advice and consent of the Senate to ratification is not required under U.S. law. The standard agreement contemplates that some constitutional ratification process may be required by the other government, and entry into force is made contingent upon receipt of notice from the other government that all such requirements have been satisfied.

In the case of Poland, however, each government will have to give notice. The OPIC program could not become operational in Poland upon satisfaction of Poland's internal requirements alone because of the prohibition contained in Sec. 620(f) of the Foreign Assistance Act of 1961, as amended (FAA), 22 USC 2370 (1988) against assistance to communist countries. In the case of Yugoslavia and the People's Republic of China, this impediment to OPIC's operation was overcome by amendment of Title IV of the FAA, which constitutes OPIC's corporate charter, so as to permit OPIC to operate in those countries. See FAA Sec. 239(f), 22 USC 2199(f) (1988).

Legislation is pending which would add Poland and Hungary to the countries named in Sec. 239(f) of the FAA. An alternative would be reliance upon a presidential waiver of the prohibition imposed by Sec. 620(f) of the FAA. OPIC expects that the exchange of notices will take place in the near future, either on the basis of legislation or a presidential waiver.

I.L.M. Content Summary

TEXT OF AGREEMENT - I.L.M. Page 1394
 [Preamble - To encourage economic activities in Poland]
 Art. 1 [Definitions: Coverage; issuer]
 Art. 2 [Scope]
 Art. 3 [Issuance of insurance coverage of a project in Poland]
 Art. 4 [Appointment of trustee in favor of issuer not permitted to acquire a property interest under Polish law]
 Art. 5 [Use and conversion of funds by issuer]

*[Reproduced from the text provided by the U.S. Overseas Private Investment Corporation. The Introductory Note was prepared for International Legal Materials by Robert C. O'Sullivan, Assistant General Counsel, Overseas Private Investment Corporation. The Polish Foreign Investment Law appears at 28 I.L.M. 1518 (1989).]

- Art. 6 [Settlement of disputes of interpretation between the US and Poland: Negotiations or arbitration. Establishment and function of the arbitral tribunal]
- Art. 7 [Duration and termination of Agreement. Entry into force]
 [Done at Warsaw on October 13, 1989
 [Authentic texts: Polish and English]

INVESTMENT GUARANTY AGREEMENT BETWEEN
 THE GOVERNMENT OF THE UNITED STATES OF AMERICA
 AND THE GOVERNMENT OF THE POLISH PEOPLE'S REPUBLIC

The Government of the United States of America and the Government of the Polish People s Republic, desiring to encourage economic activities in the Polish People s Republic which promote the development of the economic resources and productive capacities of the Polish People s Republic and to provide for investment insurance (including reinsurance) and guaranties which are backed in whole or in part by the credit or public monies of the United States of America are administrated either directly by the Overseas Private Investment Corporation ("OPIC"), an independent government corporation organized under the laws of the United States of America, or pursuant to arrangements between OPIC and commercial insurance, reinsurance and other companies, have agreed as follows:

ARTICLE 1

As used herein, the term "Coverage" shall refer to any investment insurance, reinsurance or guaranty which is issued in accordance with this Agreement by OPIC, by any successor agency of the United States of America or by any other entity or group of entities, pursuant to arrangements with OPIC or any successor agency, all of whom are hereinafter deemed included in the term "Issuer" to the extent of their interest as insurer, reinsurer,

or guarantor in any Coverage, whether as a party or successor to a contract providing Coverage or as an agent for the administration of Coverage.

ARTICLE 2

The procedures set forth in this Agreement shall apply only with respect to Coverage relating to projects or activities registered with or otherwise approved by the Government of the Polish People's Republic or to Coverage relating to projects with respect to which the Government of the Polish People's Republic, or any agency or political subdivision thereof, has entered into a contract involving the provision of goods or services or invited tenders on such a contract.

ARTICLE 3

(a) If the Issuer makes payment to any party under Coverage, the Government of the Polish People's Republic shall, subject to the provisions of Article 4 hereof, recognize the transfer to the Issuer of any currency, credits, assets, or investment on account of which payment under such Coverage is made as well as the succession of the Issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection with such payment.

(b) The Issuer shall assert no greater rights than those of the transferring party under Coverage with respect to any interests transferred or succeeded to under this Article. In the event that

the Government of the United States of America is prevented from asserting any rights it may have as Issuer, nothing in this Agreement shall limit its right to assert a claim under international law in its sovereign capacity.

(c) The issuance of Coverage outside of the Polish People's Republic with respect to a project or activity in the Polish People's Republic shall not subject the Issuer to regulation under the laws of the Polish People's Republic applicable to insurance or financial organizations.

(d) The Issuer shall not be subject to tax in the Polish People's Republic as a result of any transfer or succession which occurs pursuant to Article 3(a) hereof. Tax treatment of other transactions conducted by the Issuer in the Polish People's Republic shall be determined by applicable law or specific agreement between the Issuer and appropriate fiscal authorities of the Government of the Polish People's Republic.

ARTICLE 4

To the extent that the laws of the Polish People's Republic partially or wholly invalidate or prohibit the acquisition from a party under Coverage of any interest in any property within the territory of the Polish People's Republic by the Issuer, the Government of the Polish People's Republic shall permit such party and the Issuer to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Polish People's Republic.

ARTICLE 5

Amounts in the lawful currency of the Polish People's Republic, including credits thereof, acquired by the Issuer by virtue of such Coverage shall be accorded treatment by the Government of the Polish People's Republic no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of the party under Coverage.

Such amounts and credits may be transferred by the Issuer to any person or entity and upon such transfer shall be freely available for use, in accordance with the laws of the Polish People's Republic, by such person or entity in the territory of the Polish People's Republic.

Notwithstanding the provisions of Article 2, the provision of this Article 5 shall also apply to any amounts and credits in the lawful currency of the Polish People's Republic which may be accepted by the Issuer in settlement of obligations with respect to loans made by the Issuer for projects in the Polish People's Republic.

ARTICLE 6

(a) Any dispute between the Government of the United States of America and the Government of the Polish People's Republic regarding the interpretation of this Agreement or which, in the opinion of one of the Governments, involves a question of public international law arising out of any project or activity for which Coverage has been issued shall be resolved, insofar as possible, through negotiations between the two Governments. If at the end of three months following

the request for negotiations the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of public international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with Article 6(b).

(b) The arbitral tribunal for resolution of disputes pursuant to Article 6(a) shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a president by common agreement who shall be a citizen of a third state and be appointed by the two Governments. The arbitrators shall be appointed within two months and the president within three months of the date of receipt of either Government's request for arbitration.

If the appointments are not made within the foregoing time limits, either Government may, in the absence of other agreement, request the Secretary-General of the International Centre for the Settlement of Investment Disputes to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) Each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal ; the expenses of the president and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs,

consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

ARTICLE 7

This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to Coverage issued while the Agreement was in force shall remain in force for the duration of such Coverage, but in no case longer than twenty years after the termination of the Agreement.

This Agreement shall enter into force on the date on which each Government shall have notified the other that its constitutional or other legal requirements with respect to the Agreement have been fulfilled.

In witness whereof, the undersigned, duly authorized thereto by their respective governments, have signed this Agreement.

Done at Warsaw on the 13th day of October, 1989, in duplicate, in the Polish and English languages, both texts being equally authentic.

For the Government of
THE UNITED STATES OF AMERICA

For the Government of
THE POLISH PEOPLE'S REPUBLIC

POLISH PEOPLE'S REPUBLIC

~~Agricultural Commodities~~ *Finance*

*Agreements effected by exchange of notes
Signed at Washington December 29, 1972;
Entered into force December 29, 1972.
And exchange of letters
Signed at Washington October 7, 1972;
Entered into force October 7, 1972.
And exchange of notes
Signed at Washington February 5, 1973;
Entered into force February 5, 1973.*

The Acting Secretary of State to the Polish Ambassador

DEPARTMENT OF STATE
WASHINGTON

DECEMBER 29, 1972

EXCELLENCY:

I have the honor to refer to the Agricultural Commodities Agreements between the Government of the United States of America and the Government of the Polish People's Republic signed on December 15, 1961 [¹] and February 1, 1963, [²] as from time to time amended, hereinafter referred to as the Agreements.

Taking into account the negotiations now in progress regarding deferment of the obligation of the Government of the Polish People's Republic to sell dollar exchange to the Government of the United States of America from the dollar denominated accounts established under paragraph 3(d) of Article III of the Agreements, the Government of the United States of America will not exercise its right to purchase the sum of \$2,235,989.63 (\$3,740,000.00 less \$1,504,010.37 which is withdrawn from the dollar denominated accounts for deposit in the special travel account established under the exchanges of letters signed in Washington, October 7, 1972 [³] and in Warsaw, April 10, 1967) [⁴] in dollar exchange on January 2, 1973.

¹ TIAS 4907, 4998, 6610; 12 UST 3065; 13 UST 401; 19 UST 7788.

² TIAS 5359, 6610; 14 UST 803; 19 UST 7788.

³ See p. 426.

⁴ TIAS 6610; 19 UST 7788.

It is understood that the Government of the Polish People's Republic will sell such dollar exchange to the Government of the United States of America at such time or times as the Government of the United States of America may hereafter elect, or at such times as may hereafter be agreed.

In accordance with the agreement in principle reflected in paragraph IV of the Agreed Minute of the U.S./Polish Joint Commercial Commission, dated November 8, 1972,¹ it is understood that the Government of the Polish People's Republic will pay to the Government of the United States of America, in dollars, interest at the rate of 6 percent per annum on an amount equal to the dollar exchange, purchase of which is deferred hereunder. Interest shall accrue from January 2, 1973, and shall be paid on the date the Government of the United States of America elects to purchase such dollar exchange.

Nothing herein shall be deemed to amend or affect the terms and conditions of the Agreements other than as specifically set forth herein.

I have the honor to propose that this Note and your reply confirming the understandings contained herein shall constitute an agreement between our two Governments which shall enter into force on the date of your reply.

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

For the Acting Secretary of State:

WILLIS C. ARMSTRONG

His Excellency

WITOLD TRAMPCZYNSKI,

Ambassador of the Polish People's Republic.

The Polish Ambassador to the Secretary of State

EMBASSY
OF THE POLISH PEOPLE'S REPUBLIC
WASHINGTON, D.C.

The Ambassador of the Polish People's Republic presents his compliments to the Honorable the Secretary of State and in reply to his note dated December 29, 1972 concerning the obligations of the Government of the Polish People's Republic under PL 480² has the honor to communicate the following:

The Government of the Polish People's Republic accepts the proposals presented in the above mentioned note of the Secretary of State.

¹ Not printed.

² 80 Stat. 1526; 7 U.S.C. § 1701 *et seq.*

TIAS 7557

The above mentioned note and this reply shall constitute the Agreement between the Government of the Polish People's Republic and the Government of the United States of America which enters into force on December 29, 1972.

The Ambassador of the Polish People's Republic avails himself of this opportunity to renew to the Honorable the Secretary of State the assurances of his highest consideration.

[SEAL] TRAMPCZYNSKI

WASHINGTON, D.C.
December 29, 1972

[EXCHANGE OF LETTERS]

DEPARTMENT OF STATE
WASHINGTON, D.C. 20520

OCTOBER 7, 1972

DEAR MR. VICE MINISTER:

I have the honor to refer to discussions between our two Governments concerning travel, and understand the following agreement has been reached.

1. This understanding establishes an agreed procedure for funding international travel and transportation and other travel-related expenses from U.S.-owned zlotys in Poland. For the purposes of this agreement:

- a. international travel and transportation refers to that which originates in Poland, originates outside Poland when the travel (including connecting travel) and transportation are to or through Poland, and travel within the United States of America or other areas outside Poland when the travel is part of a trip in which the traveler travels from, to or through Poland;
- b. international travel must be by persons who are traveling on official business of the United States of America or in connection with activities financed by the Government of the United States of America;
- c. transportation includes the shipment of goods for official purposes whether accompanied or unaccompanied;
- d. travel and transportation costs under this agreement shall not be limited to services provided by Polish transportation services;
- e. travel-related costs include per diem and other reimbursable costs incurred by Polish citizens travelling outside Poland within the framework of mutually agreed PL-480 funded U.S.-Polish cooperative science programs.

TIAS 7557

2. To cover expenditures incurred in accordance with Paragraph 1 during any calendar year, the United States Government agrees to set aside each year, starting with 1973, in a specially designated dollar denominated travel account in the Narodowy Bank Polski an amount of zlotys estimated to be required, drawn from the special dollar denominated account in the Narodowy Bank Polski at the rate governing drawdowns from that account. Such estimated zloty amount will be deducted from the zloty tranches due for redemption in dollars under the Surplus Agricultural Commodities Agreement of February 1, 1963, beginning with the tranche of January 2, 1973. Upon deposit of the estimated zloty amount in the specially designated dollar denominated travel account, the zloty deposit will be valued in dollars at the dollar value at which drawn down. The zloty balance in the account will be adjusted to and maintained at the zloty equivalent of the dollar balance in the account computed at the official rate established by the Government of Poland (currently zlotys 22.08 to the U.S. dollar). The zlotys resulting from the adjustment will be returned to the appropriate agency of the Government of Poland. The Narodowy Bank Polski will process all applicable bills in connection with PI-480-funded program travel, making the necessary currency conversions for authorized travelers and submitting periodically to the United States Embassy's Disbursing Officer information on conversions thus made, which will be charged to the specially designated account in the Narodowy Bank Polski. Bills for international travel and transportation submitted by carriers directly to the United States Embassy will be paid by the US Disbursing Officer from the specially designated account at the Narodowy Bank Polski. If the actual amount paid in any given calendar year exceeds or is less than the estimated amount set aside for travel, the residual will be added to or subtracted from, as the case may be, the tranche due for redemption on March 1 (under the surplus agricultural commodities agreement of February 15, 1958) [1] in the next successive year, or will be adjusted as required between the two Governments.

3. To cover per diem and other related expenditures outside of Poland for Polish citizens traveling in accordance with this agreement, the Government of the Polish People's Republic acting through the Bank Handlowy in Warsaw, will, as heretofore, make all necessary currency conversions within the framework of PI-480-funded cooperative programs, chargeable against the United States Government's operating account at the Bank Handlowy (No. 162-20500Z). The Bank Handlowy will submit periodically to the United States Embassy's Disbursing Officer reports of all conversions thus made.

4. It is understood that the Narodowy Bank Polski and the Bank Handlowy, in exercising their disbursement and conversion functions will leave to the discretion of the appropriate organizations, agencies, or institutes sponsoring the travel or transportation, the amount, fre-

¹ TIAS 3991, 4046, 4234, 4532, 0610; 9 UST 199, 707; 10 UST 1049; 11 UST 1871; 19 UST 7788.

quency, and persons involved in travel, subject only to the annual budgetary limits for this purpose.

5. As part of this Understanding, the United States Embassy in Warsaw will transfer from its special account for travel at the Narodowy Bank Polski to the Embassy's operating account (No. 162-20500Z) at the Bank Handlowy an amount to cover retroactively disbursements made for certain travels by Polish travelers during the period from January 1, 1968 to August 19, 1971, upon submission by the Bank Handlowy of evidence documenting the amount to be so transferred.

6. This agreement becomes effective on January 1, 1973.

I have the honor to propose that this letter and your reply shall constitute an agreement between our two Governments.

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

WALTER J. STOESEL, JR.

Walter J. Stoessel, Jr.
*Assistant Secretary for
European Affairs*

His Excellency

MARIAN KRZAK,
*Vice Minister, Ministry of Finance,
Polish People's Republic.*

OCTOBER 7, 1972

DEAR MR. ASSISTANT SECRETARY:

I have the honor to confirm the receipt of your letter dated October 7, 1972, which reads as follows:

"I have the honor to refer to discussions between our two Governments concerning travel, and understand the following agreement has been reached.

"1. This understanding establishes an agreed procedure for funding international travel and transportation and other travel-related expenses from U.S.-owned zlotys in Poland. For the purposes of this agreement:

a. international travel and transportation refers to that which originates in Poland, originates outside Poland when the travel (including connecting travel) and transportation are to or through Poland, and travel within the United States of America or other areas outside Poland when the travel is part of a trip in which the traveler travels from, to or through Poland;

TIAS 7657

b. international travel must be by persons who are traveling on official business of the United State of America or in connection with activities financed by the Government of the United States of America;

c. transportation includes the shipment of goods for official purposes whether accompanied or unaccompanied;

d. travel and transportation costs under this agreement shall not be limited to services provided by Polish transportation services;

e. travel-related costs include per diem and other reimbursable costs incurred by Polish citizens travelling outside Poland within the framework of mutually agreed PL-480 funded U.S.-Polish cooperative science programs.

"2. To cover expenditures incurred in accordance with Paragraph 1 during any calendar year, the United States Government agrees to set aside each year, starting with 1973, in a specially designated dollar denominated travel account in the Narodowy Bank Polski an amount of zlotys estimated to be required, drawn from the special dollar denominated account in the Narodowy Bank Polski at the rate governing drawdowns from that account. Such estimated zloty amount will be deducted from the zloty tranches due for redemption in dollars under the Surplus Agricultural Commodities Agreement of February 1, 1963, beginning with the tranche of January 2, 1973. Upon deposit of the estimated zloty amount in the specially designated dollar denominated travel account, the zloty deposit will be valued in dollars at the dollar value at which drawn down. The zloty balance in the account will be adjusted to and maintained at the zloty equivalent of the dollar balance in the account computed at the official rate established by the Government of Poland (currently zlotys 22.08 to the U.S. dollar). The zlotys resulting from the adjustment will be returned to the appropriate agency of the Government of Poland. The Narodowy Bank Polski will process all applicable bills in connection with PL-480-funded program travel, making the necessary currency conversions for authorized travelers and submitting periodically to the United States Embassy's Disbursing Officer information on conversions thus made, which will be charged to the specially designated account in the Narodowy Bank Polski. Bills for international travel and transportation submitted by carriers directly to the United States Embassy will be paid by the US Disbursing Officer from the specially designated account at the Narodowy Bank Polski. If the actual amount paid in any given calendar year exceeds or is less than the estimated amount set aside for travel, the residual will be added to or subtracted from, as the case may be, the tranche due for redemption on March 1 (under the surplus agricultural commodities agreement of February 15, 1958) in the next successive year, or will be adjusted as required between the two Governments.

TIAS 7557

"3. To cover per diem and other related expenditures outside of Poland for Polish citizens traveling in accordance with this agreement, the Government of the Polish People's Republic acting through the Bank Handlowy in Warsaw, will, as heretofore, make all necessary currency conversions within the framework of PL-480-funded cooperative programs, chargeable against the United States Government's operating account at the Bank Handlowy (No. 162-20500Z). The Bank Handlowy will submit periodically to the United States Embassy's Disbursing Officer reports of all conversions thus made.

"4. It is understood that the Narodowy Bank Polski and the Bank Handlowy, in exercising their disbursement and conversion functions will leave to the discretion of the appropriate organizations, agencies, or institutes sponsoring the travel or transportation, the amount, frequency, and persons involved in travel, subject only to the annual budgetary limits for this purpose.

"5. As part of this Understanding, the United States Embassy in Warsaw will transfer from its special account for travel at the Narodowy Bank Polski to the Embassy's operating account (No. 162-20500Z) at the Bank Handlowy an amount to cover retroactively disbursements made for certain travels by Polish travelers during the period from January 1, 1968 to August 19, 1971, upon submission by the Bank Handlowy of evidence documenting the amount to be so transferred.

"6. This agreement becomes effective on January 1, 1973.

"I have the honor to propose that this letter and your reply shall constitute an agreement between our two Governments.

"Accept, Mr. Minister, the renewed assurances of my highest consideration.

On behalf of my Government, I have the honor to confirm the understanding set forth in the aforesaid letter.

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

MARIAN KRZAK

Marian Krzak
*Vice Minister, Ministry of
Finance*

The Honorable

WALTER J. STOSSEL, JR.,
*Assistant Secretary of State for
European Affairs,
Washington, D.C.*

TIAS 7557

[EXCHANGE OF NOTES]

*The Secretary of State to the Polish Ambassador*DEPARTMENT OF STATE
WASHINGTON

FEBRUARY 5, 1973

EXCELLENCY:

I have the honor to refer to the Agricultural Commodities Agreements between the Government of the United States of America and the Government of the Polish People's Republic signed on June 7, 1957, [¹] February 15, 1958, [²] June 10, 1959, [³] July 21, 1960, [⁴] December 15, 1961, [⁵] February 1, 1963, [⁶] and February 3, 1964 (Agreement A), [⁷] as from time to time amended, hereinafter referred to collectively as the Agreements.

I wish to confirm the understanding reached between our two Governments concerning the sale to the Government of the United States of America of dollar exchange for unused balances remaining in the dollar denominated accounts pursuant to paragraph 2(d) of Article III of the Agreements signed on June 7, 1957, February 15, 1958, June 10, 1959, and July 21, 1960, and pursuant to paragraph 3(d) of Article III of the Agreements signed on December 15, 1961, February 1, 1963 and February 3, 1964 (Agreement A), such paragraphs being hereinafter referred to as the Dollar Purchase Provisions.

1. Subject to paragraphs 2, 3 and 4 hereof, the Government of the United States of America agrees to defer its right under the Dollar Purchase Provisions of the Agreements to purchase dollar exchange during the calendar years 1973 and 1974.

2. The Government of the United States of America understands that the Government of the Polish People's Republic agrees that, if the Government of the United States of America shall so elect, the National Bank of Poland will, on the date established in the Dollar Purchase Provision of each Agreement, sell to the Government of the United States of America from the unused balance remaining in the dollar denominated account established under Article III of such Agreement

(a) an amount of dollar exchange in each of the years 1977 through 1984 equal to one eighth of the amount which the Govern-

¹ TIAS 3630, 3678, 3973, 4243, 4532, 6610; 8 UST 790, 1289; 9 UST 1; 10 UST 1040; 11 UST 1871; 19 UST 7788.

² See footnote 1, p. 427.

³ TIAS 4243, 4288, 4415, 4532, 6610; 10 UST 1068, 1410; 11 UST 90, 1871; 19 UST 7788.

⁴ TIAS 4535, 6610; 11 UST 1887; 19 UST 7788.

⁵ TIAS 4907, 4908, 6610; 12 UST 3065; 13 UST 401; 19 UST 7788.

⁶ TIAS 5350, 6610; 14 UST 803; 19 UST 7788.

⁷ TIAS 5516, 6610; 15 UST 40; 19 UST 7788.

TIAS 7557

ment of the United States of America could have elected to purchase in 1973 under the Dollar Purchase Provision of such Agreement, and (b) an amount of dollar exchange in each of the years 1978 through 1985 equal to one eighth of the amount which the Government of the United States of America could have elected to purchase in 1974 under the Dollar Purchase Provision of such Agreement,

in addition to the amount of dollar exchange which the Government of the United States of America may elect to purchase in accordance with the Dollar Purchase Provision of such Agreement.

3. The Government of the United States of America further understands that the Government of the Polish People's Republic agrees to pay to the Government of the United States of America annually, in dollars, interest at the rate of six percent per annum on an amount equal to the lesser of (A) the amount deferred under paragraph 1 hereof less the amount purchased under subparagraphs 2(a) and (b) hereof, and (B) the unused balance in the dollar denominated account as of the day following the then preceding interest payment date. Interest shall accrue from the date on which the amount deferred under paragraph 1 hereof could otherwise have been purchased, and payments of interest shall be made on the date in each year specified for the exercise by the Government of the United States of America of its right under the Dollar Purchase Provision, commencing in 1974 in respect of the rights deferred from 1973, and in 1975 in respect of the rights deferred from 1974.

4. In addition to and as part of these agreements, the Government of the United States of America understands that the Government of the Polish People's Republic agrees that the level of Polish cash purchases of machinery and equipment in the United States in 1973 and 1974 shall be increased by amounts at least equal to the amounts of dollar exchange which the Government of the United States of America is deferring its right to purchase pursuant to paragraph 1.

Nothing herein shall be deemed to amend or affect the terms and conditions of the Agreements other than as specifically set forth herein.

I have the honor to propose that this Note and your reply confirming the understandings contained herein shall constitute an agreement between our two Governments which shall enter into force on the date of your reply.

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

For the Secretary of State:

WILLIS C. ARMSTRONG

His Excellency

WITOLD TRAMPCZYNSKI,

Ambassador of the Polish People's Republic.

TIAS 7557

The Polish Ambassador to the Secretary of State

EMBASSY
OF THE POLISH PEOPLE'S REPUBLIC
WASHINGTON, D.C.

The Ambassador of the Polish People's Republic presents his compliments to the Honorable the Secretary of State and in reply to his note dated February 5, 1973 concerning the obligations of the Government of the Polish People's Republic under PL 480 has the honor to communicate the following:

The Government of the Polish People's Republic accept the proposals presented in the above mentioned note of the Secretary of State. The above mentioned note and this reply shall constitute the Agreement between the Government of the Polish People's Republic and the Government of the United States of America which enters into force on February 5, 1973.

The Ambassador of the Polish People's Republic avails himself of this opportunity to renew to the Honorable the Secretary of State the assurances of his highest consideration.

[SEAL] TRAMPCZYNSKI

WASHINGTON, D.C.
February 5, 1973

TIAS 7557

POLISH PEOPLE'S REPUBLIC

Double Taxation: Taxes on Income

*Convention and related notes signed at Washington
October 8, 1974;
Ratification advised by the Senate of the United States
of America November 18, 1975;
Ratified by the President of the United States of
America December 15, 1975;
Ratified by the Polish People's Republic June 10, 1976;
Ratifications exchanged at Warsaw June 22, 1976;
Proclaimed by the President of the United States of
America July 23, 1976;
Entered into force July 23, 1976.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

CONSIDERING THAT:

The Convention between the United States of America and the Polish People's Republic for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and a related exchange of notes were signed at Washington on October 8, 1974, the texts of which Convention and related notes, are hereto annexed;

The Senate of the United States of America by its resolution of November 18, 1975, two-thirds of the Senators present concurring therein, gave its advice and consent to ratification of the Convention and related notes;

The Convention and related notes were ratified by the President of the United States of America on December 15, 1975, in pursuance of the advice and consent of the Senate, and was duly ratified on the part of the Polish People's Republic on June 10, 1976;

It is provided in Article 25 of the Convention that the Convention shall enter into force thirty days after the date of exchange of instruments of ratification, with effectiveness from January 1, 1974, with respect to income;

The instruments of ratification of the Convention were exchanged at Warsaw on June 22, 1976; and accordingly the Convention and

(891)

TIAS 8496

related notes, enter into force on July 22, 1976, with effectiveness from January 1, 1974, with respect to income;

Now, THEREFORE, I, Gerald R. Ford, President of the United States of America, proclaim and make public the Convention and related notes, to the end that they shall be observed and fulfilled with good faith on and after July 22, 1976, by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have signed this proclamation and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington this twenty-third day of July in the year of our Lord one thousand nine hundred seventy-six and of the Independence of the United States of America the two hundred first.

GERALD R. FORD

By the President:

HENRY A. KISSINGER
Secretary of State

C O N V E N T I O N

BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF THE POLISH
PEOPLE'S REPUBLIC FOR THE AVOIDANCE OF DOUBLE
TAXATION AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME

The Government of the United States of America and the Government of the Polish People's Republic, desiring to further expand and facilitate mutual economic relations, have resolved to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and have agreed upon the following:

TIAS 8486

Article 1

SCOPE OF CONVENTION

This Convention shall apply to persons who are residents of one or both of the Contracting States.

Article 2

TAXES COVERED BY THE CONVENTION

(1) This Convention shall apply to taxes on income imposed by each Contracting State.

(2) The taxes existing at present, to which the Convention applies, are:

(a) In the case of the Polish People's Republic:

- (i) The income tax,
- (ii) The tax on salaries and wages, and
- (iii) The equalization tax (surtax), and

(b) In the case of the United States of America, the Federal income taxes imposed by the Internal Revenue Code^[1] (other than employment taxes imposed by chapters 2 and 21).

(3) The Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes.

(4) For the purpose of Article 21, this Convention shall also apply to taxes imposed at the national, state, or local level, subject to any limitation contained in paragraph (4) of Article 21.

¹ 68A Stat. 3; 26 U.S.C. §1.

(5) The competent authorities of the Contracting States shall notify each other of any amendments of the tax laws referred to in paragraph (2) and of the adoption of any taxes referred to in paragraph (3) by transmitting the texts of any amendments or new statutes at least once a year.

Article 3

GENERAL DEFINITIONS

(1) In this Convention, unless the context otherwise requires:

(a) The term "Poland" means the Polish People's Republic, and when used in a geographical sense the term "Poland" includes:

(i) The territorial sea thereof, and

(ii) The seabed and subsoil of the submarine areas adjacent to the coast thereof, but beyond the territorial sea, over which Poland exercises sovereign rights, in accordance with international law, for the purpose of exploration for and exploitation of the natural resources of such areas, but only to the extent that the person, property, or activity to which this Convention is being applied is connected with such exploration or exploitation.

(b) The term "United States" means the United States of America, and when used in a geographical sense the term "United States" means the states thereof and the District of Columbia and also includes:

(i) The territorial sea thereof, and

(ii) The seabed and subsoil of the submarine areas adjacent to the coast thereof, but beyond the territorial

TIAS 8496

sea, over which the United States exercises sovereign rights, in accordance with international law, for the purpose of exploration for and exploitation of the natural resources of such areas, but only to the extent that the person, property, or activity to which this Convention is being applied is connected with such exploration or exploitation.

(c) The terms "Contracting State" and "the other Contracting State" mean the Polish People's Republic or the United States of America as the context requires.

(d) The term "person" includes an individual, a trustee or administrator, a company or juridical person, and any other body of persons.

(e) The term "company" means any corporate body or any entity which is treated as a corporate body for tax purposes.

(f)(i) The term "Polish company" means a corporation, or any unincorporated entity treated as a Polish corporation for purposes of Polish tax, which is created or organized under the laws of Poland; and

(ii) The term "United States company" means a corporation, or any unincorporated entity treated as a United States corporation for purposes of United States tax, which is created or organized under the laws of the United States or any state thereof or the District of Columbia.

- (g) The term "resident of Poland" means:
- (i) A Polish company, and
 - (ii) Any person (except a company or any entity treated under Polish law as a company) resident in Poland for purposes of its tax, but in the case of a partnership, trustee or administrator only to the extent that the income derived by such person in that capacity is subject to Polish tax as the income of a resident.
- (h) The term "resident of the United States" means:
- (i) A United States company, and
 - (ii) Any person (except a company or any entity treated as a corporation for United States tax purposes) resident in the United States for purposes of its tax, but in the case of a partnership, trustee or administrator only to the extent that the income derived by such person in that capacity is subject to United States tax as the income of a resident.
- (i) The terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean, respectively, an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State.
- (j) The term "competent authority" means:
- (i) In the case of Poland, the Minister of Finance; and
 - (ii) In the case of the United States, the Secretary of the Treasury or his delegate.

(k) The term "State" means any national State, whether or not one of the Contracting States.

(l) The term "tax" means any tax imposed by the United States or Poland, whichever is applicable, to which this Convention applies by virtue of Article 2.

(m) The term "international traffic" means any voyage of a ship or aircraft operated by a resident of a Contracting State except where such voyage is confined solely to places within that Contracting State.

(2) Any other term used in this Convention and not defined in this Convention shall, unless the context otherwise requires, have the meaning which it has under the laws of the Contracting State whose tax is being determined. Notwithstanding the preceding sentence, if the meaning of such a term under the laws of one of the Contracting States is different from the meaning of the term under the laws of the other Contracting State, or if the meaning of such a term is not readily determinable under the laws of one of the Contracting States, the competent authorities of the Contracting States may, in order to prevent double taxation or to further any other purpose of this Convention, establish a common meaning of the term for the purposes of this Convention.

Article 4

FISCAL RESIDENCE

Where by reason of the provisions of paragraphs (1)(g) and (h) of Article 3 an individual is a resident of both Contracting States:

(a) He shall be deemed to be a resident of that Contracting State in which he maintains his permanent home. If he has a permanent home in both Contracting States or in neither of the Contracting States, he shall be deemed to be a resident of that Contracting State with which his personal and economic relations are closest (center of vital interests);

(b) If the Contracting State in which he has his center of vital interests cannot be determined, he shall be deemed to be a resident of that Contracting State in which he has a habitual abode; and

(c) If he has a habitual abode in both Contracting States or in neither of the Contracting States, he shall be deemed to be a resident of the Contracting State of which he is a citizen.

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Article 5

GENERAL RULES OF TAXATION

- (1) A resident of one of the Contracting States may be taxed by the other Contracting State on any income from sources within that other Contracting State and only on such income, subject to any limitations set forth in this Convention.
- (2) The provisions of this Convention shall not be construed to restrict in any manner any exclusion, exemption, deduction, credit, or other allowance now or hereafter accorded--
 - (a) By the laws of one of the Contracting States in the determination of the tax imposed by that Contracting State, or
 - (b) By any other agreement between the Contracting States.
- (3) Notwithstanding any provisions of this Convention except paragraph (4), a Contracting State may tax a citizen of that Contracting State or a resident (as determined under Article 4) of that Contracting State as if this Convention had not come into effect.
- (4) The provisions of paragraph (3) shall not affect:
 - (a) The benefits conferred by a Contracting State under Articles 20, 21, and 22; and
 - (b) The benefits conferred by a Contracting State under Articles 17, 18, 19, and 24 upon individuals who are neither citizens of, nor have immigrant status in, that Contracting State.
- (5) The competent authorities of the two Contracting States may prescribe regulations necessary to carry out the provisions of this Convention.

Article 6

PERMANENT ESTABLISHMENT

- (1) For the purposes of this Convention, the term "permanent establishment" means a fixed place of business in which the business of an enterprise is wholly or partly carried on.
- (2) The term "permanent establishment" shall include especially:
- (a) A branch;
 - (b) An office;
 - (c) A factory;
 - (d) A workshop;
 - (e) A mine, quarry, or other place of extraction of natural resources;
 - (f) A building site or construction or assembly project which exists for more than 18 months.
- (3) Notwithstanding paragraphs (1) and (2), a permanent establishment shall not include a fixed place of business used only for one or more of the following:
- (a) The use of facilities for the purpose of storage, display, or delivery of goods or merchandise belonging to the enterprise;
 - (b) The maintenance of a stock of goods or merchandise belonging to the enterprise for the purpose of storage, display, or delivery;

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(c) The maintenance of a stock of goods or merchandise belonging to the enterprise for the purpose of processing or reprocessing by another enterprise;

(d) The maintenance of a fixed place of business for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise; or

(e) The maintenance of a fixed place of business for the purpose of advertising, for the supply of information, for scientific research, or for similar activities which have a preparatory or auxiliary character, for the enterprise.

(4) A person acting in a Contracting State on behalf of an enterprise of the other Contracting State, other than an agent of an independent status to whom paragraph (5) applies, shall be deemed to be a permanent establishment in the first-mentioned Contracting State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

(5) An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent, or any other agent of an

independent status, where such person is acting in the ordinary course of his business, whether or not such broker or agent acts exclusively for one or more principals.

(6) An enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because such enterprise sells at the termination of a trade fair in such other Contracting State goods or merchandise which such enterprise displayed at such trade fair.

(7) The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute for either company a permanent establishment of the other.

Article 7

INCOME FROM REAL PROPERTY

(1) Income from real property, including royalties and other payments in respect of the exploitation of natural resources and gains derived from the sale, exchange, or other disposition of such property or of the right giving rise to such royalties or other payments, may be taxed by the Contracting State in which such real property or natural resources are situated. For purposes of this Convention, interest on indebtedness secured by real property or secured by a right giving rise

to royalties or other payments in respect of the exploitation of natural resources shall not be regarded as income from real property.

(2) Paragraph (1) shall apply to income derived from the usufruct, direct use, letting, or use in any other form of real property.

Article 8

BUSINESS PROFITS

(1) The profits of an enterprise of a Contracting State shall be taxable only by that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed by the other Contracting State but only so much of them as is attributable to that permanent establishment.

(2) Where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

(3) In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

(4) No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment, or by the enterprise of which it is a permanent establishment, of goods or merchandise for the enterprise.

(5) Where profits include items of income which are dealt with separately in other articles of this Convention, the provisions of those articles shall, except as otherwise provided therein, supersede the provisions of this Article.

Article 9

SHIPPING AND AIR TRANSPORT

(1) Notwithstanding Articles 8 and 14, income which a resident of Poland derives from the operation in international traffic of ships or aircraft shall be exempt from tax by the United States.

(2) Notwithstanding Articles 8 and 14, income which a resident of the United States derives from the operation in international traffic of ships or aircraft registered in the United States shall be exempt from tax by Poland.

(3) For purposes of this Article, income derived from the operation in international traffic of ships or aircraft also includes--

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- (a) Income derived from the charter of ships or aircraft operated in international traffic if such income is supplementary to other income described in paragraph (1) or (2); and
- (b) Income derived from the use, maintenance, and lease of--
 - (i) Containers,
 - (ii) Trailers for the inland transport of containers,
 - (iii) Lighters operated in the lighters-aboard-ship system, and
 - (iv) Other related equipmentin connection with the operation in international traffic of ships or aircraft by the resident described in paragraph (1) or (2).

Article 10

RELATED PERSONS

- (1) Where:
 - (a) An enterprise of a Contracting State participates directly or indirectly in the management, control, or capital of an enterprise of the other Contracting State, or
 - (b) The same persons participate directly or indirectly in the management, control, or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,and in either case conditions are made or imposed in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for

those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

(2) Where an adjustment has been made by one Contracting State to the income of one of its residents in accordance with paragraph (1), then the other Contracting State shall, if it agrees with such redetermination, make a corresponding adjustment to the income of a person in such other Contracting State related to such resident. In the event the other Contracting State disagrees with such redetermination, the two Contracting States shall endeavor to reach agreement in accordance with the mutual agreement procedure in Article 22.

Article 11

DIVIDENDS

(1) Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed by that other Contracting State.

(2) However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but the tax so charged shall not exceed:

(a) 5 percent of the gross amount of the dividends if the recipient is a company which holds directly at least 10 percent of the outstanding shares of the voting stock of the company paying the dividends,

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(b) In all other cases, 15 percent of the gross amount of the dividends.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

(3) The provisions of paragraph (2) shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of Article 8 shall apply.

Article 12

INTEREST

(1) Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be exempt from tax by the first-mentioned Contracting State.

(2) Paragraph (1) shall not apply if the recipient of the interest, being a resident of one of the Contracting States, has a permanent establishment in the other Contracting State and the indebtedness giving rise to the interest is effectively connected with such permanent establishment. In such a case, the provisions of Article 8 shall apply.

(3) Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of interest paid, having regard to the debt claim for which it is paid, exceeds the amount which would have been agreed upon by payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

(4) The term "interest" as used in this Convention means income from bonds, debentures, Government securities, notes, or other evidences of indebtedness, whether or not secured and whether or not carrying a right to participate in profits, and debt-claims of every kind, as well as all other income which, under the taxation law of the Contracting State in which the income arises, is assimilated to income from money lent.

(5) Interest shall be treated as arising in a Contracting State only if paid by such Contracting State, a political subdivision or a local authority thereof, or by a resident of that Contracting State. Notwithstanding the preceding sentence--

(a) If the person paying the interest (whether or not such person is a resident of one of the Contracting States) has a permanent establishment in one of the Contracting States in connection with which the indebtedness on which the interest is paid was incurred and such interest is borne by such permanent establishment, or

(b) If the person paying the interest is a resident of one of the Contracting States and has a permanent establishment in a State other than a Contracting State in connection with which the indebtedness on which the interest is paid was incurred and such interest is paid to a resident of the other Contracting State, and such interest is borne by such permanent establishment, such interest shall be deemed to arise in the State in which the permanent establishment is situated.

Article 13

ROYALTIES

(1) Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable by that other Contracting State.

(2) Royalties may be taxed in the Contracting State where they arise, and according to the law of that State, but the tax so charged shall not exceed 10 percent of the gross amount of the royalty.

(3) The term "royalties" as used in this Article means--

(a) Payments of any kind received as consideration for the use of, or the right to use, any copyright of a literary, artistic

or scientific work, including copyrights of motion picture films or radio or television broadcasting tapes, any patent, trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial, or scientific experience or skill (know-how), and

(b) Gains derived from the sale, exchange, or other disposition of any such property or rights to the extent that the amounts realized on such sale, exchange, or other disposition for consideration are contingent on the productivity, use, or disposition of such property or rights.

(4) The provisions of paragraph (2) shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise, a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, the provisions of Article 8 shall apply.

(5) Royalties shall be deemed to arise in a Contracting State only to the extent that such royalties are payments made as consideration for the use of, or the right to use, property or rights described in paragraph (3) within that Contracting State.

(6) Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, having regard to the use, right, or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount.

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In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 14

CAPITAL GAINS

(1) A resident of one of the Contracting States shall be exempt from tax by the other Contracting State on gains from the sale, exchange, or other disposition of capital assets unless--

(a) The gain is derived by a resident of one of the Contracting States from the sale, exchange, or other disposition of property described in Article 7 situated within the other Contracting State,

(b) The recipient of the gain, being a resident of one of the Contracting States, has a permanent establishment in the other Contracting State and the property giving rise to the gain is effectively connected with such permanent establishment, or

(c) The recipient of the gain, being an individual who is a resident of one of the Contracting States is present in the other Contracting State for a period or periods aggregating 183 days or more during the taxable year.

(2) In the case of gains described in paragraph (1)(a), see Article 7. In the case of gains described in paragraph (1)(b), the provisions of Article 8 shall apply.

Article 15

INDEPENDENT PERSONAL SERVICES

(1) Income derived by a resident of a Contracting State in respect of professional services or other independent activities may be taxed by that Contracting State. Except as provided in paragraph (2), such income shall be exempt from tax by the other Contracting State.

(2) Income described in paragraph (1) which is derived by an individual who is a resident of one of the Contracting States from the performance of personal services in an independent capacity in the other Contracting State may be taxed by that other Contracting State if the individual is present in that other Contracting State for a period or periods aggregating 183 days or more during the taxable year.

(3) The term "professional services" includes especially independent scientific, literary, and artistic activities, as well as the independent activities of physicians, lawyers, engineers, architects, dentists, journalists, and others.

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Article 16

DEPENDENT PERSONAL SERVICES

(1) Salaries, wages, and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only by that Contracting State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed by that other Contracting State.

(2) Notwithstanding the provisions of paragraph (1), remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only by the first-mentioned Contracting State if:

(a) The recipient is present in the other Contracting State for a period or periods in the aggregate less than 183 days during the taxable year concerned, and

(b) The remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State, and

(c) The remuneration is not borne by a permanent establishment which the employer has in the other Contracting State.

(3) Notwithstanding paragraph (2), remuneration derived by an individual from the performance of labor or personal services as an employee aboard ships or aircraft operated by a resident of one of the

Contracting States in international traffic shall be exempt from tax by the other Contracting State if such individual is a member of the regular complement of the ship or aircraft.

Article 17

TEACHERS

(1) Where a resident of one of the Contracting States is invited by the Government of the other Contracting State, a political subdivision or a local authority thereof, or by a university or other recognized educational institution in that other Contracting State to come to that other Contracting State for a period not expected to exceed 2 years for the purpose of teaching or engaging in research, or both, at a university or other recognized educational institution and such resident comes to that other Contracting State primarily for such purpose, his income from personal services for teaching or research at such university or educational institution shall be exempt from tax by that other Contracting State for a period not exceeding 2 years from the date of his arrival in that other Contracting State.

(2) This Article shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

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Article 18

STUDENTS AND TRAINEES

(1) (a) An individual who is a resident of one of the Contracting States at the time he becomes temporarily present in the other Contracting State and who is temporarily present in that other Contracting State for the primary purpose of--

(i) Studying at a university or other recognized educational institution in that other Contracting State, or

(ii) Securing training required to qualify him to practice a profession or professional specialty, or

(iii) Studying or doing research as a recipient of a grant, allowance, or award from a governmental, religious, charitable, scientific, literary, or educational organization, shall be exempt from tax by that other Contracting State with respect to amounts described in subparagraph (b) for a period not exceeding 5 taxable years from the date of his arrival in that other Contracting State.

(b) The amounts referred to in subparagraph (a) are--

(i) Gifts from abroad for the purpose of his maintenance, education, study, research, or training;

(ii) The grant, allowance, or award;

(iii) Any other payment from the Contracting State of which the individual is a resident, except income from the performance of personal services; and

(iv) Income from personal services performed in that other Contracting State in an amount not in excess of 2,000 United States dollars or its equivalent in Polish zlotys for any taxable year.

(2) An individual who is a resident of one of the Contracting States at the time he becomes temporarily present in that other Contracting State as an employee of, or under contract with, a resident of the first-mentioned Contracting State, for the primary purpose of--

(a) Acquiring technical, professional, or business experience from a person other than that resident of the first-mentioned Contracting State or other than a person related to such resident, or

(b) Studying at a university or other recognized educational institution in that other Contracting State,

shall be exempt from tax by that other Contracting State for a period not exceeding 1 year with respect to his income from personal services in an aggregate amount not in excess of 5,000 United States dollars or its equivalent in Polish zlotys.

(3) An individual who is a resident of one of the Contracting States at the time he becomes temporarily present in the other Contracting State and who is temporarily present in that other Contracting State for a period not exceeding 1 year, as a participant in a program sponsored by the Government of that other Contracting State, for the primary purpose of training, research, or study, shall be exempt from tax by that other Contracting State with respect to his income from personal services

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in respect of such training, research, or study performed in that other Contracting State in an aggregate amount not in excess of 10,000 United States dollars or its equivalent in Polish zlotys.

(4) The benefits provided under Article 17 and paragraph (1) of this Article shall, when taken together, extend only for such period of time, not to exceed 5 taxable years from the date of arrival of the individual claiming such benefits, as may reasonably or customarily be required to effectuate the purpose of the visit. The benefits provided under Article 17 shall not be available to an individual if, during the immediately preceding period, such individual enjoyed the benefits of paragraph (1) of this Article.

Article 19

GOVERNMENTAL FUNCTIONS

(1) Wages, salaries, and similar remuneration, including pensions, annuities, or similar benefits, paid from public funds of one of the Contracting States to a citizen of that Contracting State for labor or personal services performed as an employee of the national Government of that Contracting State, or any agency thereof, in the discharge of functions of a governmental nature shall be exempt from tax by the other Contracting State.

(2) Labor or personal services performed by a citizen of one of the Contracting States shall be treated by the other Contracting State as performed in the discharge of governmental functions if such labor or personal services would be treated under the internal laws of both Contracting States as so performed.

Article 20

RELIEF FROM DOUBLE TAXATION

Double taxation of income shall be avoided in the following manner:

(1) In accordance with the provisions and subject to the limitations of the law of Poland (as it may be amended from time to time without changing the general principles hereof), Poland shall allow to a resident of Poland as a credit against the Polish tax the appropriate amount of taxes paid to the United States.

(2) In accordance with the provisions and subject to the limitations of the law of the United States (as it may be amended from time to time without changing the general principles hereof), the United States shall allow to a citizen or resident of the United States as a credit against the United States tax the appropriate amount of taxes paid to Poland and, in the case of a United States company owning at least 10 percent of the voting power of a Polish company from which it receives dividends in any taxable year, shall allow credit for the appropriate amount of taxes paid to Poland by the Polish company paying such dividends with respect to the profits out of which such dividends are paid. Such appropriate amount shall be based upon the amount of tax paid to Poland, but the credit shall not exceed that portion of United States tax which such citizen's or resident's net income from sources within Poland or on income from sources outside of the United States bears to his entire net income for the same taxable year. For purposes of applying the United States credit in relation to taxes paid to Poland, the taxes referred to in paragraph (2)(a) of Article 2 shall be considered to be income taxes.

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Article 21

NONDISCRIMINATION

(1) A citizen of a Contracting State who is a resident of the other Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which citizens of that other Contracting State in the same circumstances are or may be subjected.

(2) A permanent establishment which a resident of one of the Contracting States has in the other Contracting State shall not be subject in that other Contracting State to more burdensome taxation than a permanent establishment of a resident of a third State carrying on the same activities. However, this paragraph shall not require a Contracting State to grant to permanent establishments of residents of the other Contracting State tax benefits granted by special agreements to permanent establishments of a third State.

(3) A company of one of the Contracting States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected with taxation which is other or more burdensome than the taxation and requirements to which a company of the first-mentioned Contracting State carrying on the same activities,

the capital of which is wholly or partly owned or controlled by one or more residents of a third State, is or may be subjected. However, this paragraph shall not require a Contracting State to grant to companies which are wholly or partly owned by residents of the other Contracting State tax benefits granted by special agreements to companies which are wholly or partly owned by residents of a third State.

(4) In this Article the term "taxation" means taxes of every kind and description, with the exception of the Treasury residence registration fee (opłata skarbowa za zameldowanie). The contribution for the retirement fund (składka na cele emerytalne) made by Polish citizens shall be regarded as a tax.

Article 22

MUTUAL AGREEMENT PROCEDURE

(1) Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident or citizen.

(2) The competent authority shall endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with the Convention.

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(3) The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

(4) The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

(5) In the event that the competent authorities reach such an agreement, taxes shall be imposed on such income in accordance with the agreement. Notwithstanding any procedural rule (including statutes of limitations) applicable under the law of either Contracting State, refund or credit of taxes shall be allowed, as appropriate, by the Contracting States in accordance with such agreement.

Article 23

EXCHANGE OF INFORMATION

(1) The competent authorities shall exchange such information as is necessary for carrying out the provisions of this Convention or for the prevention of fraud or for the administration of statutory provisions concerning taxes to which this Convention applies, provided the information is of a class that can be obtained under the laws and administrative practices of each Contracting State with respect to its own taxes.

(2) Any information so exchanged shall be treated as secret, except that such information may be--

- (a) Disclosed to any person concerned with, or
- (b) Made part of a public record with respect to,

the assessment, collection, or enforcement of, or litigation with respect to, the taxes to which this Convention applies.

(3) No information shall be exchanged which would be contrary to public policy.

(4) If specifically requested by the competent authority of a Contracting State, the competent authority of the other Contracting State shall provide information under this article in the form of depositions of witnesses and copies of unedited original documents (including books, papers, statements, records, accounts, or writings), to the same extent such depositions and documents can be obtained under the laws and administrative practices of each Contracting State with respect to its own taxes.

(5) The exchange of information shall be either on a routine basis or on request with reference to particular cases. The competent authorities of the Contracting States may agree on the list of information which shall be furnished on a routine basis.

Article 24

DIPLOMATIC AND CONSULAR OFFICERS

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials of the other Contracting State under the general rules of international law or under the provisions of special agreements.

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Article 25

ENTRY INTO FORCE

This Convention is subject to ratification and shall enter into force 30 days after the date of exchange of the instruments of ratification, which shall be done at Warsaw.^[1] The provisions of the Convention shall have effect with respect to income of calendar years or taxable years beginning (or in the case of taxes payable at the source, payments made) on or after January 1, 1974.

Article 26

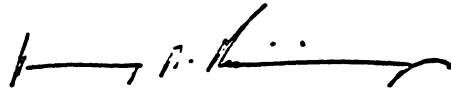
TERMINATION

(1) This Convention shall remain in force for an indefinite period of time. It may be terminated after 5 years from the date of entry into force provided that 6 months prior notice of termination has been given.

(2) In the case of termination the Convention shall cease to have force with regard to income of calendar years or taxable years beginning (or in the case of taxes payable at the source, payments made) on or after January 1, next following the expiration of the 6-month period.

DONE at Washington this 8th day of October, 1974, in duplicate, in the English and Polish languages, the two texts having equal authenticity.

For the Government of
the United States of America



Henry A. Kissinger
Secretary of State

For the Government of
the Polish People's Republic



Stefan Olszowski
Minister of Foreign Affairs

¹ July 23, 1976.

[RELATED NOTES]

DEPARTMENT OF STATE
WASHINGTON

October 8, 1974

Excellency:

I have the honor to refer to the Income Tax Convention between the Government of the United States and the Government of the Polish People's Republic signed today in Washington. During the course of negotiations, the question arose as to the effect of the Convention upon the income taxes imposed by the states of the United States.

In that connection, I should like to note that the individual states of the United States each have Constitutional authority to impose taxes within certain limitations. In light of this authority, the Government of the United States has not considered it appropriate to enter into income tax conventions which restrict or limit state taxes except to prohibit any state from imposing discriminatory taxes.

A review of the tax laws of the states of the United States indicates that these laws generally operate in such a manner that a resident of Poland entitled to a reduced rate of tax or to tax exemption under the Convention would not be subject to tax by the individual states. This is also the case as concerns Polish enterprises engaged in international

His Excellency

Stefan Olszowski,

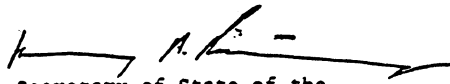
Minister of Foreign Affairs of the

Polish People's Republic.

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traffic of ships or aircraft. Nevertheless, I should like to assure you that if necessary, the tax authorities of the United States will use their best efforts to secure exemption from any income taxes that may be imposed by any of the states of the United States on such shipping or airline enterprises.

Accept, Excellency, the assurances of my highest consideration.



Secretary of State of the
United States of America

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TRANSLATION

Embassy of
The Polish People's Republic
Washington, D.C.

Washington, October 8, 1974

Excellency:

I have the honor to acknowledge the receipt of your letter dated October 8, 1974, which reads as follows:

[For the English language text, see pp. 954-955.]

I have the honor to acknowledge the receipt of the assurances contained in the above text.

Accept, Excellency, the expression of my highest consideration.

STEFAN OLSZOWSKI

Minister of Foreign Affairs
Polish People's Republic

His Excellency
Henry A. Kissinger,
Secretary of State of the
United States of America

TIAS 8486



Textiles Division

Public Release

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

February 15, 1985

UNITED STATES AND POLISH PEOPLE'S
REPUBLIC SIGN BILATERAL TEXTILE
AGREEMENT

The United States and the Polish People's Republic exchanged notes in Warsaw dated December 5 and December 31, 1984, respectively, to establish a bilateral textile agreement regarding export of cotton, wool and man-made fiber textiles and textile products manufactured in the Polish People's Republic to the United States. Texts of the notes follow:

UNITED STATES NOTE

Warsaw
December 5, 1984

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Polish People's Republic and has the honor to refer to the Arrangement regarding International Trade in Textiles, with Annexes, done at Geneva on December 20, 1973 and extended by Protocol adopted on December 22, 1981, at Geneva (hereinafter referred to as the Arrangement).

The Embassy of the United States of America also has the honor to refer to discussions held in Warsaw during October 10 - 11, 1984, between

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representatives of the Government of the United States of America and the Government of the Polish People's Republic concerning exports to the United States of America of cotton, wool, and man-made fiber textiles and textile products manufactured in the Polish People's Republic. As a result of these discussions, and in conformity with Article 4 of the Arrangement, the Embassy has the honor to propose, on behalf of the Government of the United States of America, the following Agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between the United States of America and the Polish People's Republic.

1. The term of the Agreement shall be the five-year period from January 1, 1985 through December 31, 1989. Each "Agreement Year" shall be a calendar year.

2. (A) The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing the Agreement.

(B) For purposes of this Agreement, Categories 641, 646, and 443, 643, 644 are merged and treated as single Categories 645/646 and 443/643/644 respectively.

3. Textiles and textile products covered by the Agreement shall be classified in four groups as follows:

- Group I - Cotton, wool, and man-made fiber products other than apparel (Categories 300-320, 360-369, 400-429, 464-469, 600-627, 665-670).
- Group II - Cotton and man-made fiber apparel other than suits (Categories 330-359, 630-642, 645-659).
- Group III - Wool apparel, other than men's and boys' suits (Categories 431-442, 444-459).
- Group IV - Men's and boys' suits of wool and all suits of man-made fiber (Category 443/643/644).

4. Commencing with the first Agreement Year, and during the subsequent term of the Agreement, the Government of the Polish People's Republic shall limit annual exports from Poland to the United States of America of cotton, wool, and man-made fiber textiles and textile products to the limits set out in Annex B, as such limits may be adjusted in accordance with paragraphs 5, 6 and 7. Exports are subject to limits or levels for the year in which

exported. The limits set out in Annex B do not include any adjustments permitted under paragraph 5, 6, and 7.

5. Within the aggregate limit, in any Agreement Year the Group Limit for Group II may be exceeded by 7 percent, the Group Limit for Group III may be exceeded by 3 percent and the Group Limit for Group IV may be exceeded by 6 percent.

6. During any Agreement Year and within the applicable Aggregate and Group Limits for such Agreement Year as they may be adjusted pursuant to paragraphs 5 and 7, any category specific Limit (or Sub-Limit) set out in Annex B may be exceeded by not more than:

- 10 percent if included in Group I,
- 7 percent if included in Group II,
- 5 percent if included in Group III,
- 6 percent if included in Group IV.

7. (A) In any Agreement Year, in addition to any adjustment pursuant to paragraphs 5 and 6, exports may exceed by a maximum of 11 percent any limit set out in Annex B by allocating to such limit for that Agreement Year an unused portion of the corresponding limit for the previous Agreement

Year ("carryover") or a portion of the corresponding limit for the succeeding Agreement Year ("carryforward") subject to the following conditions:

(1) Carryover may be utilized as available up to 11 percent of the receiving Agreement Year's limits provided, however, that no carryover shall be available for application during the first Agreement Year;

(2) The combination of carryover and carryforward shall not exceed 11 percent of the receiving Agreement Year's applicable limit in any Agreement Year;

(3) Carryforward may be utilized up to 6 percent of the receiving Agreement Year's applicable limits and shall be charged against the immediately following Agreement Year's corresponding limits; no carryforward shall be available for application during the Fifth Agreement Year;

(4) Carryover of shortfall (as defined in sub-paragraph 7 (B)) shall not be applied to any limits until the Governments of the United States of America and the Polish People's Republic have agreed upon the amounts of shortfall involved.

(B) For purposes of the Agreement, a shortfall occurs when exports of textiles or textile products from Poland to the United States during an Agreement Year are below any applicable Group and Category specific limit or sub-limit as set-out in Annex B. In the Agreement Year following the shortfall, such exports from Poland to the United States may be permitted to exceed the applicable limits, subject to conditions of sub-paragraph 7 (A), by carryover or shortfalls in the following manner:

(1) The carryover shall not exceed the amount of shortfall in any applicable limit;

(2) The shortfall shall be used in the category in which the shortfall occurred.

(C) The total adjustment permissible under this paragraph for the first Agreement Year shall be 6 percent consisting solely of carryforward.

8. Categories not given Specific Limits are subject to consultation levels and to the aggregate and applicable Group Limits. In the event the Government of the Polish People's Republic wishes to permit exports to the United States of America in any category in excess of the applicable consultation level during any Agreement Year, the Government of the Polish People's Republic shall request consultations

with the Government of the United States of America on this question and the Government of the United States of America shall enter into such consultations.

Until agreement on a different level of exports is reached, the Government of the Polish People's Republic shall limit exports to the United States of America in the category in question to the consultation level. For each Agreement Year, the minimum consultation level for each category not given a Specific Limit shall be 1,000,000 square yards equivalent for each cotton and man-made fiber non-apparel category, 700,000 square yards equivalent for each cotton and man-made fiber apparel category, and 100,000 square yards equivalent for each wool category. Annual consultation levels above these stated amounts are specified in Annex C hereto.

9. Shipments of textiles and apparel from Poland to the United States individually valued at \$250.00 or less shall not be charged to the limits or consultation levels set out in this Agreement.

10. The Government of the Polish People's Republic shall use its best efforts to space exports from Poland to the United States within each category evenly throughout the Agreement Year, taking into

consideration normal seasonal factors. Exports from Poland in excess of authorized levels for each Agreement Year will, if allowed entry into the United States, be charged to the applicable level for the succeeding Agreement Year.

11. The Government of the United States of America shall promptly supply the Government of the Polish People's Republic with monthly data on imports of textiles from Poland, and the Government of the Polish People's Republic shall promptly supply the Government of the United States of America with quarterly data on exports of textiles to the United States. Each government agrees to supply promptly any other pertinent and readily available statistical data requested by the other government.

12. (A) Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers, or blends thereof, in which any or all of these fibers in combination represent either the chief value of the fibers or 50 percent or more by weight (or 17 percent or more by weight of wool) of the product, are subject to the Agreement.

(B) For purposes of the Agreement, textiles and textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of any of these fibers.

(C) Any product covered by sub-paragraph (A) but not in chief value of cotton, wool, or man-made fiber shall be classified as:

(I) Cotton textiles if containing 50 percent or more by weight of cotton or if the cotton component exceeds by weight the wool and the man-made fiber components; (II) wool textiles if not cotton and the wool equals or exceeds 17 percent by weight of all component fibers; and (III) man-made fiber textiles if neither of the foregoing applies.

13. The Government of the United States of America and the Government of the Polish People's Republic agree to consult on any question arising in the implementation of the Agreement.

14. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

15. If the Government of the Polish People's Republic considers that, as a result of a limitation specified in this Agreement, Poland is being placed in an inequitable position vis-a-vis a third country the Government of the Polish People's Republic may request consultation with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of the Agreement.

16. At the request of either government, the two governments will undertake a major review of this Agreement during the second half of the second Agreement Year.

17. For the duration of the Agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the Arrangement to request restraints on the export from Poland of textiles covered by the Agreement.

18. The Government of the United States of America may assist the Government of the Polish People's Republic in implementing the limitation provisions of the Agreement by controlling its imports of the textiles covered by the Agreement.

19. Either government may terminate the Agreement effective at the end of any Agreement Year by written notice to the other government to be given at least 90 days prior to the end of such Agreement Year. Either government may at any time propose revisions in the terms of the Agreement.

If the foregoing proposal is acceptable to the Government of the Polish People's Republic, this note and the Ministry's note of confirmation on behalf of the Government of the Polish People's Republic shall constitute an Agreement between our two governments.

The Embassy of the United States of America takes this opportunity to renew to the Ministry of Foreign Affairs the assurances of its highest consideration.

Embassy of the United States of America,

Warsaw, December 5, 1984.



ANNEX A

Category	Description	Conversion Factor	Unit of Measure
Yarn			
- Cotton			
300	Cotton Carded Yarn	4.6	lb.
301	Cotton Combed Yarn	4.6	lb.
- Wool			
400	Tops and Yarns	2.0	lb.
- Man-Made Fiber			
600	Textured	3.5	lb.
601	Cont. Cellulosic	5.2	lb.
602	Cont. Noncellulosic	11.6	lb.
603	Spun Cellulosic	3.4	lb.
604	Spun Noncellulosic	4.1	lb.
605	Other Yarns	3.5	lb.

M and B - Men's and Boys'
W, G and I - Women's, Girls', and Infants'
N.K. - Not Knit

Category	Description	Conversion Factor	Unit of Measure
Fabric			
- Cotton			
310	Gingham	1.0	syd
311	Velveteen	1.0	syd
312	Corduroy	1.0	syd
313	Sheeting	1.0	syd
314	Broadcloth	1.0	syd
315	Printcloth	1.0	syd
316	Shirtings	1.0	syd
317	Twills and Sateens	1.0	syd
318	Yarn-dyed	1.0	syd
319	Duck	1.0	syd
320	Other Fabrics, N.K.	1.0	syd
- Wool			
410	Woolens and Worsted	1.0	syd
411	Tapestries and Upholstery	1.0	syd
425	Knit	2.0	lb.
429	Other Fabrics	1.0	syd
- Man-Made Fiber			
610	Continuous Cellulosic, N.K.	1.0	syd
611	Spun Cellulosic, N.K.	1.0	syd
612	Continuous Non-Cellulosic, N.K.	1.0	syd
613	Spun Non-Cellulosic, N.K.	1.0	syd
614	Other Fabrics, N.K.	1.0	syd
625	Knit	7.8	lb.

ANNEX A (continued)

Category	Description	Conversion Factor	Unit of Measure
626	Pile and Tufted	1.0	syd
627	Specialty	7.8	lb.
Apparel			
- Cotton			
330	Handkerchiefs	1.7	dz.
331	Gloves	3.5	dpr
332	Hosiery	4.6	dpr
333	Suit-type Coats, M and B	36.2	dz.
334	Other Coats, M and B	41.3	dz.
335	Coats, W, G and I	41.3	dz.
336	Dresses (Incl. Uniforms)	45.3	dz.
337	Playsuits, Sun suits, Washesuits, Creepers, Rompers, etc.	25.0	dz.
338	Knit Shirts (Incl. T-Shirts, Other and Sweatshirts) M and B	7.2	dz.

ANNEX A (continued)

Category	Description	Conversion Factor	Unit of Measure
Apparel (continued)			
- Cotton			
339	Knit Shirts and Blouses (Incl. T-Shirts, Other, and Sweatshirts), W, G and I	7.2	dz.
340	Shirts, N.K.	24.0	dz.
341	Blouses, N.K.	14.5	dz.
342	Skirts	17.8	dz.
345	Sweaters	36.8	dz.
347	Trousers, Slacks, and Shorts (Outer) M and B	17.8	dz.
348	Trousers Slacks and Shorts (Outer) W, G and I	17.8	dz.
349	Brassieres, etc.	4.8	dz.
350	Dressing Gowns, Incl. Bathrobes, and Beach House Coats, and Dusters	51.0	dz.
351	Pajamas and Other Nightwear	52.0	dz.
352	Underwear (Incl. Union Suits)	11.0	dz.
353	Down and Featherfilled Coats, Jackets, Vests, M and B	41.3	dz.
354	Down and Featherfilled Coats, Jackets, Vests, W, G and I	41.3	dz.
359	Other Apparel	4.6	lbs.

ANNEX A (continued)

Category	Description	Conversion Factor	Unit of Measure
Made-Ups and Miscellaneous			
-Cotton			
360	Pillowcases	1.1	no.
361	Sheets	6.2	no.
362	Bedspreads and Quilts	6.2	no.
363	Terry and Other Pile Towels	0.5	no.
369	Other Cotton Manufactures	4.6	lb.
- Wool			
464	Blankets and Auto Robes	1.3	lb.
465	Floor Coverings	0.1	sft.
469	Other Wool Manufactures	2.0	lb.
- Man-Made Fiber			
665	Floor Coverings	0.1	sft.
666	Other Furnishings	7.8	lb.
669	Other Man-made Manufactures	7.8	lb.
670	Luggage, Flatgoods, Handbags	2.0	lb.

ANNEX A (continued)

Category	Description	Conversion Factor	Unit of Measure
Apparel (continued)			
- Wool			
431	Gloves	2.1	dpr
432	Hosiery	2.8	dpr
433	Suit-type Coats, M and B	36.0	dz.
434	Other Coats, M and B	54.0	dz.
435	Coats, W, G and I	54.0	dz.
436	Dresses	49.2	dz.
438	Knit Shirts and Blouses	15.0	dz.
- Wool			
440	Shirts and Blouses, N.K.	24.0	dz.
442	Skirts	18.0	dz.
443	Suits, M and B	54.0	dz.
444	Suits, W, G and I	54.0	dz.
445	Sweaters, M and B	14.88	dz.
446	Sweaters, W, G and I	14.88	dz.
447	Trousers, Slacks and Shorts (Outer) M and B	18.0	dz.
448	Trousers, Slacks and Shorts (Outer) W, G and I	18.0	dz.
459	Other Wool Apparel	2.0	lb.

ANNEX A (continued)

Category	Description	Conversion Factor	Unit of Measure
- Man-Made Fiber			
630	Handkerchiefs	1.7	dz.
631	Gloves	3.5	dpr
632	Hosiery	4.6	dpr
633	Suit-type Coats M and B	36.2	dz.
634	Other Coats, M and B	41.3	dz.
635	Coats, W, G and I	41.3	dz.
636	Dresses	45.3	dz.
637	Playsuits, Sunsuits, Washesuits, etc	21.3	dz.
638	Knit Shirts, (Incl. T-Shirts), M and B	18.0	dz.
639	Knit Shirts and Blouses (Incl. T-Shirts) W, G and I	15.0	dz.
640	Shirts, N.K.	24.0	dz.
641	Blouses, N.K.	14.5	dz.
642	Skirts	17.8	dz.
643	Suits, M and B	54.0	dz.
644	Suits, W, G, and I	54.0	dz.
645	Sweaters, M and B	36.8	dz.
646	Sweaters, W, G and I	36.8	dz.
647	Trousers, Slacks, and Shorts (Outer), M and B	17.8	dz.
648	Trousers, Slacks and Shorts (Outer) W, G and I	17.8	dz.

ANNEX A (continued)

Category	Description	Conversion Factor	Unit of Measure
Apparel (continued)			
- Man-Made Fiber			
649	Brassieres, etc.	4.8	dz.
650	Dressing Gowns, (Incl. Bath and Beach Robes)	51.0	dz.
651	Pajamas and Other Night Wear	52.0	dz.
652	Underwear	16.0	dz.
653	Down and Featherfilled Coats, Jackets, Vests, M and B	41.3	dz.
654	Down and Featherfilled Coats, Jackets, Vests, W, G and I	41.3	dz.
659	Other Apparel	7.8	lb.

ANNEX B
SPECIFIC LIMITS
AGREEMENT YEAR

(SQUARE YARD EQUIVALENTS)

	1985	1986	1987	1988	1989
Aggregate	69,152,402	73,647,308	78,434,383	83,532,618	88,962,237
Category 410	2,289,329	2,312,222	2,335,344	2,358,697	2,382,284
Group II	52,627,059	55,784,683	59,131,764	62,679,670	66,440,450
333	3,381,924	3,584,839	3,799,929	4,027,925	4,269,601
334	9,464,901	10,032,795	10,634,763	11,272,849	11,949,220
335	1,864,502	1,976,372	2,094,954	2,220,651	2,353,890
338	5,049,908	5,352,902	5,674,076	6,014,521	6,375,392
(TSUSA NO. 379.4050)	(2,019,964)	(2,141,162)	(2,269,632)	(2,405,810)	(2,550,159)
339	2,075,009	2,199,510	2,331,481	2,471,370	2,619,652
634	6,315,247	6,694,162	7,095,812	7,521,561	7,972,855
(Knit)	(4,683,789)	(4,964,816)	(5,262,705)	(5,578,467)	(5,913,175)
(Not Knit)	(2,007,338)	(2,127,778)	(2,255,445)	(2,390,772)	(2,534,218)
635	3,307,987	3,506,466	3,716,854	3,939,865	4,176,257
(Not Knit)	(1,503,630)	(1,593,848)	(1,689,479)	(1,790,848)	(1,898,299)
638	3,935,596	4,053,664	4,175,274	4,300,532	4,429,548
639	2,459,748	2,533,540	2,609,546	2,687,832	2,768,467
645/646	4,219,243	4,472,398	4,740,742	5,025,187	5,326,698
647	2,706,534	2,868,926	3,041,062	3,223,526	3,416,938
(Not Knit)	(1,052,541)	(1,115,693)	(1,182,635)	(1,253,593)	(1,328,809)
648	1,503,630	1,593,848	1,689,479	1,790,848	1,898,299
(Not Knit)	(601,452)	(637,539)	(675,791)	(716,338)	(759,318)
659	1,503,630	1,593,848	1,689,479	1,790,848	1,898,299

ANNEX B (continued)

	SPECIFIC LIMITS AGREEMENT YEAR				
	(SQUARE YARD EQUIVALENTS)				
	1985	1986	1987	1988	1989
Group III	2,305,091	2,328,142	2,351,423	2,374,937	2,398,686
Category					
433	268,034	270,714	273,421	276,155	278,917
435	321,641	324,857	328,106	331,387	334,701
440	182,106	183,927	185,766	187,624	189,500
444	268,034	270,714	273,421	276,155	278,917
445	214,427	216,571	218,737	220,924	223,133
446	187,625	189,501	191,396	193,310	195,243
447	214,427	216,571	218,737	220,924	223,133
459	214,427	216,571	218,737	220,924	223,133
Group IV	834,564	842,910	851,339	859,852	868,451
443/643/644 (Except Leisure Suits)	730,504	737,809	745,187	752,639	760,165

ANNEX C
DESIGNATED CONSULTATION LEVELS
(SQUARE YARDS EQUIVALENT)

Category	Consultations Level
363	1,500,000
612	2,000,000
614	1,200,000
340	1,500,000
347	1,174,800
359	1,518,000
(334 - Part, Other Than Zippered Sweatshirts Currently in TSUSA 380.0611)	
434	200,000

POLISH NOTE

Warsaw
December 31, 1984

The Ministry of Foreign Affairs of the Polish People's Republic presents its compliments to the Embassy of the United States of America in Warsaw and has the honor to acknowledge the receipt of the Embassy's Note No 45 of December 5, 1984 which reads as follows:

"The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Polish People's Republic and has the honor to refer to the Arrangement regarding International Trade in Textiles, with Annexes, done at Geneva on December 20, 1973 and extended by Protocol adopted on December 22, 1981, at Geneva /hereinafter referred to as the Arrangement/.

The Embassy of the United States of America also has the honor to refer to discussions held in Warsaw during October 10-11, 1984, between representatives of the Government of the United States of America and the Government of the Polish People's Republic concerning exports to the United States of America of cotton, wool, and man-made fiber textiles and textile products manufactured in the Polish People's Republic. As a result of these discussions, and in conformity with Article 4 of the Arrangement, the Embassy has the honor to propose, on behalf of the Government of the United States of America, the following Agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between the United States of America and the Polish People's Republic.

1. The term of the Agreement shall be the five-year period from January 1, 1985 through December 31, 1989. Each "Agreement Year" shall be a calendar year.

2. /A/ The system of categories and the rates of conversion into square yards equivalent listed in Annex A shall apply in implementing the Agreement.

/B/ For purposes of this Agreement, Categories 645, 646, and 443, 643, 644 are merged and treated as single Categories 645/646 and 443/643/644 respectively.

3. Textiles and textile products covered by the Agreement shall be classified in four groups as follows:

Group I - Cotton, wool, and man-made fiber products other than apparel /Categories 300-320, 360-359, 400-429, 464-469, 600-627, 665-670/.

Group II - Cotton and man-made fiber apparel other than suits /Categories 330-359, 630-642, 645-659/.

Group III - Wool apparel, other than men's and boys' suits /Categories 431-442, 444-459/.

Group IV - Men's and boys' suits of wool and all suits of man-made fiber /Category 443/643/644/.

4. Commencing with the first Agreement Year, and during the subsequent term of the Agreement, the Government of the Polish People's Republic shall limit annual exports from Poland to the United States of America of cotton, wool, and man-made fiber textiles and textile products to the limits set out in Annex B, as such limits may be adjusted in accordance with paragraphs 5, 6 and 7. Exports are subject to limits or levels for the year in which exported. The limits set out in Annex B do not include any adjustments permitted under paragraph 5, 6 and 7.

5. Within the aggregate limit, in any Agreement Year the Group Limit for Group II may be exceeded by 7 percent, the Group Limit for Group III may be exceeded by 3 percent and the Group Limit for Group IV may be exceeded by 6 percent.

6. During any Agreement Year and within the applicable Aggregate and Group Limits for such Agreement Year as they may be adjusted pursuant to paragraphs 5 and 7, any category specific Limit /or Sub-Limit/ set out in Annex B may be exceeded by not more than:

- 10 percent if included in Group I,
- 7 percent if included in Group II,
- 5 percent if included in Group III,
- 6 percent if included in Group IV.

7. /A/ In any Agreement Year, in addition to any adjustment pursuant to paragraphs 5 and 6, exports may exceed by a maximum of 11 percent any limit set out in Annex B by allocating to such limit for that Agreement Year an unused portion of the corresponding limit for the previous Agreement Year /"carryover"/ or a portion of the corresponding limit for the succeeding Agreement Year /"carryforward"/ subject to the following conditions:

/1/ Carryover may be utilized as available up to 11 percent of the receiving Agreement Year's limits provided, however, that no carryover shall be available for application during the first Agreement Year;

/2/ The combination of carryover and carryforward shall not exceed 11 percent of the receiving Agreement Year's applicable limit in any Agreement Year;

/3/ Carryforward may be utilized up to 6 percent of the receiving Agreement Year's applicable limits and shall be charged against the immediately following

Agreement Year's corresponding limits; no carryforward shall be available for application during the Fifth Agreement Year;

/4/ Carryover of shortfall /as defined in sub-paragraph 7 /B//shall not be applied to any limits until the Governments of the United States of America and the Polish People's Republic have agreed upon the amounts of shortfall involved.

/B/ For purposes of the Agreement, a shortfall occurs when exports of textiles or textile products from Poland to the United States during an Agreement Year are below any applicable Group and Category specific limit or sub-limit as set out in Annex B. In the Agreement Year following the shortfall, such exports from Poland to the United States may be permitted to exceed the applicable limits, subject to conditions of sub-paragraph 7 /A/, by carryover or shortfalls in the following manner:

/1/ The carryover shall not exceed the amount of shortfall in any applicable limit;

/2/ The shortfall shall be used in the category in which the shortfall occurred.

/C/ The total adjustment permissible under this paragraph for the first Agreement Year shall be 6 percent consisting solely of carryforward.

8. Categories not given Specific Limits are subject to consultation levels and to the aggregate and applicable Group Limits. In the event the Government of the Polish People's Republic wishes to permit exports to the United States of America in any category in excess of the applicable consultation level during any Agreement Year, the Government of the Polish People's Republic shall request consultations with the Government of the United States of America on this question and the Government of the United States of America shall enter into such consultations.

Until agreement on a different level of exports is reached, the Government of the Polish People's Republic shall limit exports to the United States of America in the category in question to the consultation level. For each Agreement Year, the minimum consultation level for each category not given a Specific Limit shall be 1,000,000 square yards equivalent for each cotton and man-made fiber non-apparel category, 700,000 square yards equivalent for each cotton and man-made fiber apparel category, and 100,000 square yards equivalent for each wool category. Annual consultation levels above these stated amounts are specified in Annex C hereto.

9. Shipments of textiles and apparel from Poland to the United States individually valued at \$ 250.00. or less shall not be charged to the limits or consultation levels set out in this Agreement..

10. The Government of the Polish People's Republic shall use its best efforts to space exports from Poland to the United States within each category evenly throughout the Agreement Year, taking into consideration normal seasonal factors. Exports from Poland in excess of authorized levels for each Agreement Year will, if allowed entry into the United States, be charged to the applicable level for the succeeding Agreement Year.

11. The Government of the United States of America shall promptly supply the Government of the Polish People's Republic with monthly data on imports of textiles from Poland, and the Government of the Polish People's Republic shall promptly supply the Government of the United States of America with quarterly data on exports of textiles to the United

States. Each government agrees to supply promptly any other pertinent and readily available statistical data requested by the other government.

12. /A/ Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products /being products which derive their chief characteristics from their textile components/ of cotton, wool, man-made fibers, or blends thereof, in which any or all of these fibers in combination represent either the chief value of the fibers or 50 percent or more by weight /or 17 percent or more by weight of wool/ of the product, are subject to the Agreement.

/B/ For purposes of the Agreement, textiles and textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of any of these fibers.

/C/ Any product covered by sub-paragraph /A/ but not in chief value of cotton, wool, or man-made fiber shall be classified as:

/I/ Cotton textiles if containing 50 percent or more by weight of cotton or if the cotton component exceeds by weight the wool and the man-made fiber components;
/II/ wool textiles if not cotton and the wool equals or exceeds 17 percent by weight of all component fibers;
and /III/ man-made fiber textiles if neither of the foregoing applies.

13. The Government of the United States of America and the Government of the Polish People's Republic agree to consult on any question arising in the implementation of the Agreement.

14. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

15. If the Government of the Polish People's Republic considers that, as a result of a limitation specified in this Agreement, Poland is being placed in an inequitable position vis-a-vis a third country the Government of the Polish People's Republic may request consultation with the Government of the United States of America with a view to taking appropriate remedial action such as reasonable modification of the Agreement.

16. At the request of either government, the two governments will undertake a major review of this Agreement during the second half of the second Agreement Year.

17. For the duration of the Agreement, the Government of the United States of America shall not invoke the procedures of Article 3 of the Arrangement to request restraints on the export from Poland of textiles covered by the Agreement.

18. The Government of the United States of America may assist the Government of the Polish People's Republic in implementing the limitation provisions of the Agreement by controlling its imports of the textiles covered by the Agreement.

19. Either government may terminate the Agreement effective at the end of any Agreement Year by written notice to the other government to be given at least 90 days prior to the end of such Agreement Year. Either government may at any time propose revisions in the terms of the Agreement.

If the foregoing proposal is acceptable to the Government of the Polish People's Republic, this note and the Ministry's note of confirmation on behalf of the Government of the Polish People's Republic shall constitute an Agreement between our two governments".

The Ministry of Foreign Affairs has the honor to inform that the Government of the Polish People's Republic accepts the above mentioned proposal and agrees that the Embassy's note and this reply shall constitute an Agreement between our two Governments.

The Ministry of Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

Warsaw, December 31, 1984.



ANNEX A

Category	Description	Conversion Factor	Unit of Measure
Yarn			
- Cotton			
300	Cotton Carded Yarn	4.6	lb.
301	Cotton Combed Yarn	4.6	lb.
- Wool			
400	Tops and Yarns	2.0	lb.
- Man-Made Fiber			
600	Textured	3.5	lb.
601	Cont. Cellulosic	5.2	lb.
602	Cont. Noncellulosic	11.6	lb.
603	Spun Cellulosic	3.4	lb.
604	Spun Noncellulosic	4.1	lb.
605	Other Yarns	3.5	lb.
Fabric			
- Cotton			
310	Gingham	1.0	syd
311	Velveteen	1.0	syd
312	Corduroy	1.0	syd
313	Sheeting	1.0	syd
314	Broadcloth	1.0	syd
315	Printcloth	1.0	syd
316	Shirtings	1.0	syd
317	Twills and Sateens	1.0	syd
318	Yarn-dyed	1.0	syd
319	Duck	1.0	syd
320	Other Fabrics, N.K.	1.0	syd

M and B - Men's and Boys'

W, G and I - Women's, Girls', and Infants'

N.K. - Not Knit

ANNEX A /continued/

Category	Description	Conversion Factor	Unit of Measure
Fabric /continued/			
- Wool			
410	Woolens and Worsted	1.0	syd
411	Tapestries and Upholstery	1.0	syd
425	Knit	2.0	lb.
429	Other Fabrics	1.0	syd
- Man-Made Fiber			
610	Continuous Cellulosic, N.K.	1.0	syd
611	Spun Cellulosic, N.K.	1.0	syd
612	Continuous Non-Cellulosic, N.K.	1.0	syd.
613	Spun Non-Cellulosic, N.K.	1.0	syd
614	Other Fabrics, N.K.	1.0	syd
625	Knit	7.8	lb.
626	Pile and Tufted	1.0	syd
627	Speciality	7.8	lb.
Apparel			
- Cotton			
330	Handkerchiefs	1.7	dz.
331	Gloves	3.5	dpr
332	Hosiery	4.6	dpr
333	Suit-type Coats, M and B	36.2	dz.
334	Other Coats, M and B	41.3	dz.
335	Coats, W, G and I	41.3	dz.
336	Dresses /Incl. Uniforms/	45.3	dz.
337	Playsuits, Sunsuits, Washesuits, Creepers, Romper, etc.	25.0	dz.

Category	Description	Conversion Factor	Unit of Measure
Apparel /continued/ - Cotton			
338	Knit Shirts /Incl. T-Shirts, Other and Sweatshirts/ M and B	7.2	dz.
339	Knit Shirts and Blouses /Incl. T-Shirts, Other, and Sweatshirts/, W, G and I	7,2	dz.
340	Shirts, N.K.	24.0	dz.
341	Blouses, N.K.	14.5	dz.
342	Skirts	17.8	dz.
345	Sweaters	36.8	dz.
347	Trousers, Slacks, and Shorts /Outer/ M and B	17.8	dz.
348	Trousers Slacks and Shorts /Outer/ W, G and I	17.8	dz.
349	Brassieres, etc.	4.8	dz.
350	Dressing Gowns, Incl. Bathrobes, and Beach House Coats and Dusters	51.0	dz.
351	Pajamas and Other Nightwear	52.0	dz.
352	Underwear /Incl. Union Suits/	11.0	dz.
353	Down and Featherfilled Coats, Jackets, Vests, M and B	41.3	dz.
354	Down and Featherfilled Coats, Jackets, Vests, W, G and I	41.3	dz.
359	Other Apparel	4.6	lbs.
Apparel /continued/			
431	Gloves	2.1	dpr
432	Hosiery	2.8	dpr
433	Suit-type Coats, M and B	36.0	dz.

ANNEX A /continued/

Category	Description	Conversion Factor	Unit of Measure
Apparel /continued/			
- Wool			
434	Other Coats, M and B	54.0	dz.
435	Coats, W, G and I	54.0	dz.
436	Dresses	49.2	dz.
438	Knit Shirts and Blouses	15.0	dz.
- Wool			
440	Shirts and Blouses, N.K.	24.0	dz.
442	Skirts	18.0	dz.
443	Suits, M and B	54.0	dz.
444	Suits, W, G and I	54.0	dz.
445	Sweaters, M and B	14.88	dz.
446	Sweaters, W, G and I	14.88	dz.
447	Trousers, Slacks and Shorts /Outer/ M and B	18.0	dz.
448	Trousers, Slacks and Shorts /Outer/ W, G and I	18.0	dz.
459	Other Wool Apparel	2.0	lb.
- Man-Made Fiber			
630	Handkerchiefs	1.7	dz.
631	Gloves	3.5	dpr
632	Hosiery	4.6	dpr
633	Suit-type Coats M and B	36.2	dz.
634	Other Coats, M and B	41.3	dz.
635	Coats, W, G and I	41.3	dz.
636	Dresses	45.3	dz.
637	Playsuits, Sun suits, Washsuits, etc	21.3	dz.
638	Knit Shirts, /Incl. T-Shirts/, M and B	18.0	dz.

ANNEX A /continued/

Category	Description	Conversion Factor	Unit of Measure
Apparel /continued/ - Man-Made Fiber			
639	Knit Shirts and Blouses /Incl. T-Shirts/ W, G and I	15.0	dz.
640	Shirts, N.K.	24.0	dz.
641	Blouses, N.K.	14.5	dz.
642	Skirts	17.8	dz.
643	Suits, M. and B	54.0	dz.
644	Suits, W, G, and I	54.0	dz.
645	Sweaters, M and B	36.8	dz.
646	Sweaters, W, G and I	36.8	dz.
647	Trousers, Slacks, and Shorts /Outer/, M and B	17.8	dz.
648	Trousers, Slacks and Shorts /Outer/ W, G and I	17.8	dz.
649	Brassieres, etc.	4.8	dz.
650	Dressing Gowns, /Incl. Bath and Beach Robes/	51.0	dz.
651	Pajamas and Other Night Wear	52.0	dz.
652	Underwear	16.0	dz.
653	Down and Featherfilled Coats, Jackets, Vests, M and B	41.3	dz.
654	Down and Featherfilled Coats, Jackets, Vests, W, G and I	41.3	dz.
659	Other Apparel	7.8	lb.

ANNEX A /continued/

Category	Description	Conversion Factor	Unit of Measure
Made-Ups and Miscellaneous			
-Cotton			
360	Pillowcases	1.1	no.
361	Sheets	6.2	no.
362	Bedspreads and Quilts	6.2	no.
363	Terry and Other Pile Towels	0.5	no.
369	Other Cotton Manufactures	4.6	lb.
- Wool			
464	Blankets and Auto Robes	1.3	lb.
465	Floor Coverings	0.1	sft.
469	Other Wool Manufactures	2.0	lb.
- Man-Made Fiber			
665	Floor Coverings	0.1	sft.
666	Other Furnishings	7.8	lb.
669	Other Man-made Manufactures	7.8	lb.
670	Luggage, Flatgoods, Handbags	2.0	lb.

ANNEX B
SPECIFIC LIMITS
AGREEMENT YEAR

/SQUARE YARD EQUIVALENTS/

	1985	1986	1987	1988	1989
Aggregate	69,152,402	73,647,308	78,434,383	83,532,618	88,962,237
Category 410	2,289,329	2,312,222	2,335,344	2,358,697	2,382,284
Group II	52,627,059	55,784,683	59,131,764	62,679,670	66,440,450
333	3,381,924	3,584,839	3,799,929	4,027,925	4,269,601
334	9,464,901	10,032,795	10,634,763	11,272,849	11,949,220
335	1,864,502	1,976,372	2,094,954	2,220,651	2,353,890
338	5,049,908	5,352,902	5,674,076	6,014,521	6,375,392
/TSUSA NO. 379.4050/	/2,019,964/	/2,141,162/	/2,269,632/	/2,405,810/	/2,550,159/
339	2,075,009	2,199,510	2,331,481	2,471,370	2,619,652
634	6,315,247	6,694,162	7,095,812	7,521,561	7,972,855
/Knit/	/4,683,789/	/4,964,816/	/5,262,705/	/5,578,467/	/5,913,175/
/Not Knit/	/2,007,338/	/2,127,778/	/2,255,445/	/2,390,772/	/2,534,218/
635	3,307,987	3,506,466	3,716,854	3,939,865	4,176,257
/Not Knit/	/1,503,630/	/1,593,848/	/1,689,479/	/1,790,848/	/1,898,299/
638	3,935,596	4,053,664	4,175,274	4,300,532	4,429,548
639	2,459,748	2,533,540	2,609,546	2,687,832	2,768,467
645/646	4,219,243	4,472,398	4,740,742	5,025,187	5,326,698
647	2,706,534	2,868,926	3,041,062	3,223,526	3,416,938
/Not Knit/	/1,052,541/	/1,115,693/	/1,182,635/	/1,253,593/	/1,328,809/
648	1,503,630	1,593,848	1,689,479	1,790,848	1,898,299
/Not Knit/	/601,452/	/637,539/	/675,791/	/716,338/	/759,318/
659	1,503,630	1,593,848	1,689,479	1,790,848	1,898,299
Group III	2,305,091	2,328,142	2,351,423	2,374,937	2,398,686
Category					
433	268,034	270,714	273,421	276,155	278,917
435	321,641	324,857	328,106	331,387	334,701
440	182,106	183,927	185,766	187,624	189,500
444	268,034	270,714	273,421	276,155	278,917
445	214,427	216,571	218,737	220,924	223,133
446	187,625	189,501	191,396	193,310	195,243
447	214,427	216,571	218,737	220,924	223,133
459	214,427	216,571	218,737	220,924	223,133
Group IV	834,564	842,910	851,339	859,852	868,451
443/643/644	730,504	737,809	745,187	752,639	760,165
/Except Leisure Suits/					

ANNEX C
DESIGNATED CONSULTATION LEVELS
/SQUARE YARDS EQUIVALENT/

Category	Consultations Level
363	1,500,000
612	2,000,000
614	1,200,000
340	1,500,000
347	1,174,800
359	1,518,000

/334 - Part, Other Than
Zippered Sweatshirts Currently
in TSUSA 380.0611/

434 200,000

ROMANIA

SOCIALIST REPUBLIC OF ROMANIA
Trade Relations

*Agreement signed at Bucharest April 2, 1975;
Entered into force August 3, 1975.
With joint statement
Issued at Washington December 5, 1973.*

(2305)

TIAS 8179

AGREEMENT

on trade relations between the United States
of America and the Socialist Republic of Romania

The Government of the United States of America and the Government
of the Socialist Republic of Romania;

Conscious of the long-standing friendship between their countries
and the American and Romanian peoples;

Desiring to develop their relations on the basis of the principles
set forth in the Joint Statement of the Presidents of the two States at
Washington on December 5, 1973,^[1] and reaffirming the continuing importance of
the Joint Statement on Economic, Industrial and Technological Cooperation
issued at Washington on December 5, 1973;^[2]

Having agreed that commercial and economic ties are an important
element in the general strengthening of their bilateral relations;

Believing that an agreement embodying undertakings and arrangements
for the conduct of trade between their countries will serve the interests of
both peoples;

Acknowledging that favorable conditions exist for the further
expansion of trade between their countries;

Recognizing that it is to their mutual advantage to continue to
develop their commercial relations,

Have agreed as follows:

Article I

MOST FAVORED NATION TREATMENT

1. Both Parties reaffirm the importance of their participation
in the General Agreement on Tariffs and Trade^[3] and the importance of the
provisions and principles of the General Agreement on Tariffs and Trade for
their respective economic policies. Accordingly, the Parties shall apply
between themselves the provisions of the General Agreement, the Protocol for
the Accession of Romania of October 15, 1971 to that Agreement, and Annexes
to that Protocol including Annex B.

2. As provided in the General Agreement on Tariffs and Trade, the

¹ TIAS 7746; 24 UST 2257.

² For text, see p. 2342.

³ TIAS 1700; 61 Stat., pts. 5 and 6.

Parties agree to grant each other's products most-favored-nation treatment immediately and unconditionally with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and as otherwise provided in the General Agreement on Tariffs and Trade, provided that to the extent that this or any other provision of the General Agreement on Tariffs and Trade is inconsistent with any subsequent provision of this Agreement, the latter shall apply.

3. The Parties agree to maintain a satisfactory balance of concessions in trade and services during the period of this Agreement, and in particular to reciprocate satisfactorily reductions by the other Party in tariffs and non-tariff barriers to trade that result from multilateral negotiations. In this respect, it is noted that Romania, as a developing country, could be eligible for treatment accorded to developing countries.

Article II

EXPANSION OF TRADE

1. The Parties shall take appropriate measures, in accordance with applicable laws and regulations, to encourage and facilitate the exchange of goods and services between the two countries on the basis of mutual advantage in accordance with the provisions of this Agreement. In expectation of such joint efforts, both Governments envision that total bilateral trade in comparison with the period 1972-1974 will at least triple over the initial three-year period of this Agreement. In this respect, the Government of the Socialist Republic of Romania expects that during the period of this Agreement Romanian firms, companies and economic organizations will place substantial orders in the United States of America for machinery and equipment, agricultural and industrial materials, and consumer goods produced in the United States of America, while the Government of the United States anticipates that the effect of this Agreement will be to encourage increasing purchases by firms, companies, economic organizations and consumers in the United States of such products from

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the Socialist Republic of Romania.

2. Commercial transactions will be effected on the basis of contracts to be concluded between firms, companies and economic organizations of the United States of America and those of the Socialist Republic of Romania, and in accordance with applicable laws and regulations. Such contracts will generally be concluded on terms customary in international commercial practice.

Article III

SAFEGUARDS

1. The Parties agree to consult promptly at the request of either Party should it determine that actual or prospective imports of products originating in the territory of the other Party are causing or threaten to cause, or are significantly contributing to, market disruption within a domestic industry of the requesting Party.

2. Either Party may impose such restrictions as it deems appropriate on imports originating in the territory of the other Party to prevent or remedy such actual or threatened market disruption.

3. The procedures under which the Parties will cooperate in applying this Article are set forth in Annex 1.

Article IV

BUSINESS FACILITATION

1. In accordance with applicable laws and regulations, firms, companies and economic organizations of one Party may open, establish and operate representations (as these terms are defined in Annex 3) in the territory of the other Party. Information concerning rules and regulations pertaining to such representations and related facilities shall be provided by each Party upon the request of the other.

2. Nationals, firms, companies and economic organizations of either Party shall be afforded access to all courts and, when applicable, to administrative bodies as plaintiffs or defendants, or otherwise, in accordance with the laws in force in the territory of such other Party. They shall not claim

or enjoy immunities from suit or execution of judgment or other liability in the territory of the other Party with respect to commercial or financial transactions; they also shall not claim or enjoy immunities from taxation with respect to commercial or financial transactions, except as may be provided in other bilateral agreements.

3. Firms, companies and economic organizations of one of the Parties shall be permitted to engage in the territory of the other Party in any commercial activity which is not contrary to the laws of such other Party.

4. Firms, companies and economic organizations of either Party that desire to establish representations or already operate representations in the territory of the other Party shall receive treatment no less favorable than that accorded to firms, companies and economic organizations of any third country in all matters relating thereto. The rights and facilities set out in Annex 2 shall be among those that will be accorded such firms, companies and economic organizations which establish representations.

5. For the purpose of carrying on trade between the territories of the two Parties and engaging in related commercial activities, nationals of each Party and employees of its firms, companies and economic organizations and their families shall be permitted to enter, to reside and to obtain appropriate housing in the territory of the other Party, and to travel therein freely, in accordance with the laws relating to entry, stay and travel of aliens.

6. The Parties affirm that no restrictions shall exist in principle on contacts between representatives of American and Romanian firms, companies and economic organizations. To this end, representatives of firms, companies and economic organizations of either Party shall be permitted within the territory of the other Party to deal directly with buyers and users of their products, for purposes of sales promotion and servicing their products, in accordance with the procedures and regulations applicable in each country.

7. The Parties shall as appropriate permit and facilitate access within their territories by representatives of firms, companies and economic organizations of the other Party to information concerning markets for goods and

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services in accordance with the procedures and regulations applicable in each country.

8. Firms, companies and economic organizations of either Party shall be permitted in accordance with procedures and regulations applicable within the territory of the other Party to advertise, conclude contracts, and provide technical services to the same extent that firms, companies and economic organizations of the latter Party may do so. Duty-free treatment will be accorded to samples without commercial value and advertising materials, as provided in the Geneva Convention of November 7, 1952, ^[1] relating to the importation of commercial samples and advertising material.

9. Each Party agrees to provide its good offices to assist in the solution of business facilitation problems and in gaining access to appropriate government officials in each country.

10. Each Party agrees to encourage the development on its territory of appropriate services and facilities and adequate access thereto and also to promote the activities of firms, companies and economic organizations of the other Party, which do not have representations, and their employees and representatives.

11. Each Party agrees to facilitate in its territory, to the fullest extent practicable, the activities of firms, companies and economic organizations of the other Party acting through employees, technicians, experts, specialists and other representatives in carrying out contracts concluded between the firms, companies and economic organizations of the two Parties.

12. Each Party undertakes to facilitate travel by tourists and other visitors and the distribution of information for tourists.

13. The Parties confirm their commitment, as expressed in the Joint Statement on Economic, Industrial, and Technological Cooperation of December 5, 1973, to facilitate participation of their nationals, firms, companies and economic organizations in fairs and exhibitions organized in the other country. Each Party further undertakes to encourage and facilitate participation by nationals, firms, companies and economic organizations of the other country

¹ TIAS 3920; 8 UST 1636.

in trade fairs and exhibits in its territory, as well as to facilitate trade missions organized in the other country and sent by mutual agreement of the Parties. Subject to the laws in force within their territories, the Parties agree to allow the import and re-export on a duty-free basis of all articles for use by firms, companies and economic organizations of the other Party in fairs and exhibitions, providing that such articles are not transferred.

Article V

INDUSTRIAL PROPERTY, INDUSTRIAL RIGHTS AND PROCESSES, AND COPYRIGHTS

1. Each Party shall continue to provide nationals, firms, companies and economic organizations of the other Party with the rights with respect to industrial property provided in the Convention of Paris for the Protection of Industrial Property (as revised at Stockholm on July 14, 1967).^[1]

2. With respect to industrial rights and processes other than those referred to in paragraphs 1 and 3 of this Article, each Party shall provide the same legal protection to nationals, firms, companies and economic organizations of the other Party that is provided within its territory to its own nationals, firms, companies and economic organizations.

3. Each Party agrees to provide nationals, firms, companies and economic organizations of the other Party the rights with respect to copyrights set forth in the Universal Copyright Convention as revised at Paris on July 24, 1971.^[2]

Article VI

FINANCIAL PROVISIONS

1. Nationals, firms, companies and economic organizations of each Party shall be accorded by the other Party most-favored-nation treatment with respect to payments, remittances and transfers of funds or financial instruments between the territories of the two Parties, as well as between the territory of such other Party and that of any third country. For this purpose, the Parties agree to grant those authorizations which are necessary.

2. Financial transactions between nationals, firms, companies and

¹ TIAS 6923, 7727; 21 UST 1583; 24 UST 2140.

² TIAS 7868; 25 UST 1341.

economic organizations of the United States of America and those of the Socialist Republic of Romania shall be made according to applicable laws and regulations. All financial transactions shall be made in United States dollars or any other freely convertible currency mutually agreed upon by such nationals, firms, companies and economic organizations, unless they otherwise agree. However, expenditures in the territory of a Party by nationals, firms, companies and economic organizations of the other Party may be made in local currency received in an authorized manner in accordance with the regulations applicable to such expenditures. No restrictions shall be placed by either Party upon the export from its territory of freely convertible currencies or deposits, or instruments representative thereof, by the nationals, firms, companies, economic organizations or government of the other Party, provided such currencies, deposits, or instruments were received in an authorized manner. If either Party maintains more than one rate of exchange, it shall accord to nationals, firms, companies and economic organizations of the other Party treatment no less favorable in matters relating to rates of exchange than it accords to nationals, firms, companies and economic organizations of any third country.

3. Nationals, firms, companies and economic organizations of each Party shall be accorded most-favored-nation treatment by the other Party with respect to the opening and maintaining of accounts in local and any convertible currency in financial institutions and with respect to use of such currencies.

Article VII

NAVIGATION

1. Vessels under the flag of either Party, and carrying the documents required by its law in proof of nationality, shall be deemed to be vessels of that Party both on the high seas and within the ports, places, and waters of the other Party.

2. The documents of a vessel, as well as the documents referring to crews, issued according to the laws and regulations of the Party under whose flag the vessel is navigating, will be recognized by the authorities of the

other Party.

3. Vessels of either Party (other than warships, as defined in the Geneva Convention on the high seas of April 29, 1958)^[1] shall have liberty on equal terms with vessels of any third country, to come with their cargoes to ports, places, and waters of the other Party open to foreign commerce and navigation, except insofar as requirements of national security limit such access; such vessels and cargoes shall then in all respects be accorded most-favored-nation treatment within the ports, places and waters of the other Party except insofar as modified by port security requirements.

4. The provisions of paragraph 3 of this Article shall not apply to fishing vessels, fishery research vessels, or fishery support vessels. The Parties reaffirm the importance of their Agreement Regarding Fisheries in the Western Region of the Middle Atlantic Ocean, concluded at Washington on December 3, 1973,^[2] which shall continue to apply in accordance with its terms.

Article VIII

DISPUTES SETTLEMENT

1. The Parties reaffirm their commitment, as expressed in the Joint Statement on Economic, Industrial, and Technological Cooperation of December 5, 1973, to prompt and equitable settlement on an amicable basis of commercial disputes which may arise.

2. The Parties encourage the adoption of arbitration for the settlement of disputes arising out of international commercial transactions concluded between firms, companies and economic organizations of the United States of America and those of the Socialist Republic of Romania. Such arbitration should be provided for by provisions in contracts between such firms, companies and economic organizations, or in separate agreements between them in writing executed in the form required for such contracts. Such agreements (a) should provide for arbitration under the rules of arbitration of the International Chamber of Commerce in Paris; and (b) should specify as the place of arbitration a place in a country other than the United States of America or the Socialist Republic of Romania that is a party to the Convention for the Recognition and

¹ TIAS 5200; 13 UST 2312.

² Should read "Dec. 4, 1973". TIAS 7761; 24 UST 2366.

Enforcement of Foreign Arbitral Awards of New York on June 10, 1958; [1] however, firms, companies and economic organizations party to a contract may agree upon any other form or place of arbitration.

Article IX

GOVERNMENTAL COMMERCIAL OFFICES

1. In order to promote the development of trade and economic relations between the Parties, and to provide assistance to their firms, companies and economic organizations, and to nationals who are engaged in commercial activities, each Party agrees to permit and facilitate the establishment and operation of governmental commercial offices of the other Party on a reciprocal basis. The establishment and operation of such offices shall be in accordance with applicable laws and regulations, and subject to such terms, conditions, privileges, and immunities as may be agreed upon by the Parties. The Parties agree that access, for commercial purposes, to such offices by nationals of either Party who are engaged in commercial activities will be unrestricted.

2. Governmental commercial offices, and their respective officers and staff members, to the extent that they enjoy diplomatic immunity, shall not participate directly in the negotiation, execution, or fulfillment of trade transactions or otherwise carry on trade.

Article X

NATIONAL SECURITY

The provisions of this agreement shall not limit the right of either Party to take any action for the protection of its security interests.

Article XI

REVIEW OF OPERATION OF AGREEMENT

The joint American-Romanian Economic Commission, established in accordance with the Joint Statement on Economic, Industrial and Technological Cooperation of December 5, 1973, shall review the operation of this Agreement and as necessary prepare recommendations which shall be presented to the Governments of both countries for the further improvement of trade relations between

¹ TIAS 6997; 21 UST 2517.

the two countries.

Article XII

DURATION AND ENTRY INTO FORCE

1. This Agreement shall enter into force on the date of exchange of written notices of acceptance by the two Governments,^[1] and shall remain in force as provided in paragraph 2 of this Article.

2. (a) The initial term of this Agreement shall be three years, subject to subparagraph (c) of this paragraph.

(b) If either Party encounters or foresees a problem with respect to the application of this Agreement, including a problem concerning its domestic legal authority to carry out any of its obligations under this Agreement, such Party shall request immediate consultations with the other Party. Once consultations have been requested, the other Party shall enter into such consultations as soon as possible concerning the circumstances that have arisen, with a view to finding a solution which would make action under subparagraph (c) unnecessary.

(c) If either Party is unable to carry out any of its obligations under this Agreement either Party may suspend or terminate the applicability of this Agreement or, with the agreement of the other Party, any part of this Agreement. If either Party takes action under this subparagraph, that Party will, to the fullest extent practicable and consistent with domestic law, seek to minimize disruption to existing trade relations between the two countries.

(d) This Agreement shall be extended for successive periods of three years each unless either Party has notified, in writing, the other Party of the termination of this Agreement at least 30 days prior to its expiration.

3. Annexes 1, 2 and 3 shall constitute an integral part of this Agreement.

In witness whereof, the authorized representatives of the Parties have signed this Agreement.

¹ Aug. 3, 1975.

established for imports of such products into the other country pursuant to paragraph 1 of this Annex.

(b) Each Party may take appropriate measures with respect to imports into its country to ensure that imports of products originating in the other country comply with such quantitative limitations or other restrictions.

Annex 2

BUSINESS FACILITATION

I. The firms, companies and economic organizations of one Party, in connection with the establishment and operation of their representations in the territory of the other Party, as well as the employees of such representations, shall enjoy rights and facilities as provided below.

1. Applications to establish representations and to obtain any necessary authorization shall be processed and acted upon expeditiously in accordance with procedures and standards no less favorable than those accorded to the firms, companies and economic organizations of any third countries.
2. Revocation or refusal to renew authorization to operate such representations shall require notice in writing at least three months prior to termination of authorization to such representation.
3. Such representation shall consist of natural or legal persons and shall be established and operated in accordance with procedures and regulations in the host country. Termination of the activities of a representation shall not be subject to any penalties when it does not contravene the provisions of any contract existing between the representation and the firms, companies and economic organizations of the host country.
4. The Parties recognize that reasonable levels and application of fees, taxes, rents and other charges, and adequate notice of changes therein to the concerned representations and their employees, are beneficial to commerce and cooperation between the two countries.
5. Representations shall be permitted to rent office space for their needs and housing for the use of their employees. The Parties, upon request, will use the good offices at their disposal to facilitate and expedite the obtaining and occupying of such office space and housing.
6. Representations shall be permitted to import, as promptly as desired, office machines, automobiles, and other equipment for the purpose of efficient and business-like operation of the representation, subject to applicable customs regulations.
7. The employees of the representations shall be permitted to import

TIAS 8159

personal effects including furniture and appliances. Such personal effects shall be entered duty-free in accordance with applicable customs regulations. Automobiles and similar means of transportation imported for the use of such employees will be permitted to enter in accordance with the applicable customs regulations. Such employees shall also be permitted to export their imported personal effects and automobiles, free of export duties.

8. Representations may acquire communications facilities, such as office or home telephones for their employees, extensions, and telex equipment, which will be made available as promptly as possible upon application therefor, in accordance with applicable law.

9. The term "employees" used in paragraphs 4, 5, 7 and 8 of this Annex refers to persons sent by firms, companies and economic organizations of one Party to perform services for their representations which are functioning in the territory of the other Party.

10. Representations may, subject to the applicable laws and procedures, select and employ any person, regardless of citizenship, lawfully residing in or admitted to the territory of such other Party. Neither Party shall impose restrictions on the termination of employees, other than the contractual provisions requiring notice and compensation. Neither Party shall restrict the total number of persons to be employed as long as they are reasonably needed for the conduct of business. Representations shall hire, compensate, and terminate the employment of employees in accordance with the provisions of contracts governing their employment. Each Party agrees to encourage the negotiation of contracts in such a way that the representations of the other Party shall have the broadest possible flexibility in selecting, hiring and compensating employees and in terminating their employment.

11. Each Party agrees to facilitate to the maximum extent possible the travel of persons employed by representations of the other Party desiring to enter its territory in furtherance of the purposes of this agreement and members of their immediate families. Each Party agrees to make available multiple entry visas of duration of 6 months or longer to such persons and to members of their

immediate families. Persons who are employees of representations of the other Party shall be permitted to the maximum extent possible, in accordance with applicable regulations, to travel abroad for purposes related to the business of the representations by which they are employed.

II. For the purpose of applying paragraph 10 of Article IV, the Parties recognize that reasonable levels and application of fees, rents, and other charges and adequate notice of changes therein to the concerned employees and representatives are beneficial to commerce and cooperation between the two Parties.

III. For the purpose of applying paragraph 11 of Article IV, the Parties agree that the persons referred to therein should have access to adequate housing and office space and communication facilities, and the ability to utilize, in accordance with applicable procedures, local personnel necessary for the carrying out of their normal activities. In addition, in accordance with applicable customs regulations, the Parties will permit the import of tools, equipment and automobiles required for carrying out contracts, as well as, on a duty-free basis, imports of personal effects. The Parties will permit duty-free export of imported personal effects and automobiles. Each Party agrees to facilitate to the maximum extent possible travel of such persons and the members of their immediate families desiring to enter and leave its territory.

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Annex 3

DEFINITIONS

1. In this Agreement "firms, companies and economic organizations" of the United States of America shall include corporations, partnerships, sole proprietorships, companies and other economic associations constituted under the laws and regulations applicable in the United States of America, and "firms, companies and economic organizations" of the Socialist Republic of Romania shall include state enterprises, industrial centrals, enterprises with the status of centrals and other enterprises which carry out foreign trade activities in accordance with laws and regulations applicable in the Socialist Republic of Romania.

2. In this Agreement "representation," in the case of the representations established in the United States of America, shall include subsidiaries or unincorporated branches or other forms of business organizations legally constituted under the laws and regulations applicable in the territory of the United States of America by firms, companies, or economic organizations of the Socialist Republic of Romania, and in the case of the representations established in the Socialist Republic of Romania, shall include the agencies referred to in Article 1 of Decree No. 15 of the Council of State of the Socialist Republic of Romania of January 25, 1971, established by a firm, company or economic organization of the United States of America.

JOINT STATEMENT ON ECONOMIC, INDUSTRIAL AND
TECHNOLOGICAL COOPERATION BETWEEN THE
UNITED STATES OF AMERICA AND THE SOCIALIST
REPUBLIC OF ROMANIA, DECEMBER 5, 1973

On the occasion of his official visit in the United States of America the President of the State Council of the Socialist Republic of Romania, Nicolae Ceausescu held talks with the President of the United States of America, Richard Nixon, on December 4 and 5, 1973, with regard to the development of economic relations between Romania and the United States.

Henry Kissinger, the Secretary of State, George Shultz, the Secretary of the Treasury, Frederick Dent, the Secretary of Commerce and other officials on the American side; and Manea Manescu, Vice Chairman of the Council of Ministers and Chairman of the State Planning Committee, George Macovescu, the Minister of Foreign Affairs, Vasile Pungan, Counsellor to the President and other Romanian officials also participated in discussions.

The two Presidents have emphasized the favorable development of economic relations between their two countries and they expressed their determination to promote and expand economic, industrial and technological cooperation on the basis of respect for sovereignty, independence, non-interference in domestic affairs, juridical equality, mutual advantage, and refraining from the threat or use of force.

President Nixon and President Ceausescu expressed their satisfaction with the remarkable rate of growth in United States-Romanian trade, which has increased more than fourfold since President Nixon's visit to Bucharest in 1969.

Both Presidents noted particularly the rapid growth in Romania's exports to the United States, due to the major efforts that Romania has made to promote its exports to the United States.

It was anticipated that the trade will continue to grow at the same pace or better during 1974 and the following years. The two Presidents stressed that the two countries have taken several actions to encourage and facilitate this growth in trade.

The two Presidents noted the importance of the meetings and talks to be held by President Ceausescu with American business leaders aimed at finalizing agreements and understandings and generating new interest in doing business with Romania.

The Presidents noted that, in recognition of Romania's status as a developing country, the United States Overseas Private Investment Corporation is now prepared to assist in insuring and financing United States investments in Romania.

The two Presidents noted that, since November 1971, when President Nixon determined that United States exports to Romania should be eligible for United States Export-Import Bank credits and guarantees, these credits and guarantees have effectively contributed to the expansion of trade. Private United States banks have also facilitated this expansion.

The two Presidents have noted the importance of both countries' participation in the General Agreement on Tariffs and Trade and the importance of the provisions and principles of this Agreement for their respective economic policies.

President Nixon reaffirmed his commitment to seek authority to provide most-favored-nation tariff treatment for Romania in recognition of the importance of this reciprocal principle as a factor in international relations and in the development and diversification of economic relations between the two countries.

The two Presidents further noted that Romania's accession to the General Agreement on Tariffs and Trade and to membership in the International Monetary Fund and to the International Bank for Reconstruction and Development were positive steps in broadening its world-wide economic and financial relations, and have created favorable conditions for collaboration between representatives of both countries within the framework of these international organizations, with a view to developing their economic cooperation.

The two Presidents welcomed the conclusion on the occasion of the visit of the Agreement between the Chamber of Commerce of the United States and the Socialist Republic of Romania Chamber of Commerce on setting up the Romanian-U.S. Economic Council, the Convention with respect to Taxes on Income and Property, the Agreement relating to Civil Air Transport^[1] and the Agreement regarding

¹ TIAS 7901; 25 UST 1631.

Fisheries in the Western Region of the Middle Atlantic Ocean as well as specific conventions and understandings among Romanian enterprises and economic organizations and American firms with regard to economic, industrial and technological collaboration and cooperation in the fields of machine-building, electronics, chemicals and petrochemicals and other fields of mutual interest.

They also noted that discussions regarding American bondholder claims have been resumed.

In order to further the development of economic relations between the United States and Romania, the two Presidents approved the following guidelines:

1. The two Governments will facilitate, as appropriate, cooperation between interested firms, companies and economic organizations of the two countries with a view to the realization of joint projects, including joint manufacturing and marketing ventures, in the fields of industry, commerce, agriculture and natural resources, and other fields of mutual interest.

Areas of particular interest for such cooperation include machine-building, electronic and electrical industries, energy, metallurgy, mining and petroleum, chemicals and petrochemicals, light industry, foods, telecommunications, building materials, agriculture, and tourism.

2. Commercial and economic cooperation transactions will be effected on the basis of contractual arrangements between firms, companies and economic organizations of the two countries, and in accordance with the laws and regulations in force in both countries. Such contracts will generally be concluded on terms customary in international practice.

Such contracts and arrangements may encompass such matters as:

- construction of new industrial facilities, as well as the expansion and modernization of existing facilities;

- joint manufacturing and marketing by means of joint ventures or otherwise;
- licensing or patents and exchanges of economic and technical information on products, designs and technology, subject to the laws and regulations in effect in the two countries, including laws relating to transshipment and reexportation;
- training and exchange of specialists and trainees;
- establishment of banks and banking agencies in the two countries;
- joint cooperative projects in third countries.

Such contracts may provide for sharing and transfer of benefits, rights of participation in the management of the joint enterprises, procedures for dissolution of the joint enterprise, and return and repatriation of capital on mutually agreeable terms.

3. In their economic relations and in applying their policies within the framework of their laws and regulations, the two countries will take full account of the respective level of their economic development as well as the characteristics of the two economies. In this respect, it is noted that Romania, as a developing country, could be eligible for treatment accorded to developing countries.

4. Currency payments between firms, companies and economic organizations of the two countries will be made in United States dollars or any other freely convertible currency mutually agreed upon; other forms of payment may be agreed upon.

5. Except for a public purpose, assets belonging to nationals, companies and economic organizations of one of the two countries will not be expropriated by the other country, nor will they be expropriated without the payment of prompt, adequate and effective compensation.

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6. To the extent permitted by the laws and international obligations of the two countries, equipment and materials imported temporarily into a country for purposes of contracts concluded between firms, companies and economic organizations of the two countries, will be exempt from customs duties, other taxes and any restrictions pertaining to importation. With a view to the development of economic cooperation, both sides will examine ways and means for the application of further customs and fiscal facilitation for goods assigned to, and resulting from cooperation projects within the provisions of customs legislation in force in the two countries.

7. Each country will provide nationals, firms, companies and economic organizations of the other country protection of inventions, trademarks and trade names in accordance with the provisions of international agreements in the field to which the two countries are parties.

8. Each country will accord firms, companies and economic organizations of the other nondiscriminatory treatment as regards payment, remittances and transfers of funds or financial instruments, in accordance with arrangements to be worked out between the two countries.

9. Each country will facilitate the entry and travel of official representatives, experts, advisors and technicians of the other country employed in connection with commercial and economic cooperation transactions between their firms, companies and economic organizations, and of members of their immediate families.

10. Each country will facilitate participation of their nationals, companies and economic organizations in fairs and exhibitions, organized in the other country.

11. Both countries will facilitate the exchange of economic, commercial and technical information in fields of mutual interest, including information concerning trade in major agricultural commodities, among institutions, enterprises and economic organizations.

12. Both countries reaffirm their desire promptly and equitably to settle on an amicable basis commercial disputes which may arise. Commercial contracts should include provisions concerning arbitration of disputes resulting from commercial transactions.

Such understandings will stipulate that the arbitration be effected in accordance with the regulations of the International Chamber of Commerce in Paris and will designate as place for arbitration a city in a country other than the United States or Romania which is a party to the 1958 Convention on recognition and application of foreign arbitration decisions, or any other modality agreed upon in the terms of the contract.

13. With the view of broadening and supporting economic relations between the two countries, it was agreed to establish a joint Romanian-American Economic Commission which will meet annually, alternatively in Bucharest and Washington.

The Commission will consider questions and problems relating to the reciprocal establishment of business facilities to promote economic cooperation, as well as any other matters arising in the course of their economic, industrial and technological cooperation.

The Commission will also facilitate as appropriate the establishment of joint consultative groups between representatives of firms, companies and economic organizations of the two countries on matters of particular interest.

TIAS 8150

SOCIALIST REPUBLIC OF ROMANIA
Economic, Industrial and Technical Cooperation

*Agreement signed at Bucharest November 21, 1976;
Entered into force May 5, 1977.*

TIAS 8624

(5228)

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LONG TERM AGREEMENT ON ECONOMIC,
INDUSTRIAL AND TECHNICAL COOPERATION BETWEEN
THE UNITED STATES OF AMERICA AND
THE SOCIALIST REPUBLIC OF ROMANIA

The Government of the United States of America and the Socialist Republic of Romania;

Noting with satisfaction the favorable development of economic relations between the two countries;

Resolved to promote economic, industrial and technical cooperation between the two countries on the basis of the principles of international law, respect for national independence and sovereignty, equality of rights, non-interference in domestic affairs and mutual advantage;

Taking into account the characteristics and economic potential of the two countries, and their respective levels of economic development;

Desiring to ensure continuous expansion and diversification of economic, industrial and technical cooperation and provision of information to facilitate such cooperation;

Wishing to enlarge upon the provisions of the Joint Statement of Economic, Industrial and Technological Cooperation between the United States of America and the Socialist Republic of Romania, of December 5, 1973,^[1] and taking into consideration the provisions of the Agreement on Trade Relations Between the United States of America and the Socialist Republic of Romania of April 2, 1975;^[1]

¹ TIAS 8159; 26 UST 2305, 2342.

Determined to promote in their relations the objectives of the Final Act of the Conference on Security and Cooperation in Europe,^[1] and to give full effect to all of its provisions, including those relating to economic, scientific and technological cooperation; and

Considering that expansion and development of cooperation between firms, companies and economic organizations of the United States of America and the Socialist Republic of Romania will serve positively the interests of the two countries and peoples:

Have agreed as follows:

¹ *Department of State Bulletin*, Sept. 1, 1975, p. 323.

Article I

1. The Parties shall take all appropriate steps to facilitate economic, industrial and technical cooperation between firms, companies and economic organizations, including those of small and medium size, in keeping with applicable laws and regulations in the two countries.

2. The Parties shall endeavor that firms, companies and economic organizations of one country and their representatives residing in or visiting the other country for purposes related to this Agreement will enjoy suitable operating conditions, including access to facilities required for the expeditious conduct of their business, in accordance with applicable laws and regulations.

3. Goods produced under cooperation arrangements in the territory of one Party shall, when imported into the territory of the other Party, be treated in accordance with the relevant provisions of the Agreement on Trade Relations of April 2, 1975, for the period those provisions remain applicable, or as otherwise provided by applicable laws and regulations.

4. Neither Party shall take unreasonable measures that would impair the contractual or other rights legally acquired within its territory, of nationals, firms, companies or economic organizations of the other Party.

5. Except for a public purpose, assets belonging to nationals, companies and economic organizations of one of the two countries will not be expropriated by the other country, nor will they be expropriated without the payment of prompt, adequate and effective compensation.

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agreed upon by nationals, firms, companies and economic organizations, unless they otherwise agree.

7. The Parties agree to encourage and facilitate accelerated negotiations between firms, companies and economic organizations of the two countries, so that cooperation projects may be implemented as expeditiously as possible, and possibilities for discussion of new areas of cooperation may be enhanced.

8. The sectors mentioned in Annex II have been identified as areas of particular interest for the development of economic, industrial and technical cooperation between firms, companies and economic organizations of the two countries.

Article III

1. The Parties shall take all appropriate steps to facilitate conclusion of contracts regarding cooperation activity between firms, companies and economic organizations of the two countries.

2. The two Parties shall grant to equipment, materials and components imported temporarily for purposes related to contracts regarding cooperation activity the same exemptions from customs duties, and other taxes and restrictions, that are granted to like equipment, materials and components from any other country, to the extent permitted by their laws and regulations.

3. Taking into consideration the importance of financing for the development of economic, industrial and technical cooperation; the particular characteristics of each case; and the laws, regulations and international undertakings of each country; the Parties agree that such financing as may be extended by them should enjoy conditions as favorable as possible.

Article IV

In order to assist firms, companies and economic organizations in determining the fields and projects most likely to provide a basis for mutually beneficial contracts, each Party, in accordance with its laws, regulations and procedures, shall, as appropriate, make available upon request by nationals, firms, companies and economic organizations of the other Party, or by the other Party, economic, commercial and statistical information useful for the development of market forecasts and the expansion of economic, industrial and technical cooperation. Such information shall include, but not be limited to:

- All statistical data regarding production, national income, budget, consumption, productivity, foreign trade and transfer of technology, necessary to accomplish the objectives of this Agreement.

- Other information necessary for adequate evaluation of projects for cooperation, including information concerning laws, regulations and administrative procedures. Such information may relate, inter alia, to domestic commerce and foreign trade, including transfer of technology; to compensation of labor; and to banking and finance including the rates of exchange applicable to goods and services required for cooperation activities.

- Current lists, directories and descriptions of firms, companies and economic organizations concerned with foreign trade, as well as other information helpful in making commercial contacts, including periodic catalogs and promotional materials of such firms, companies and economic organizations.

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Article V

1. The Joint American-Romanian Economic Commission, established pursuant to the Joint Statement on Economic, Industrial and Technological Cooperation of December 5, 1973, shall monitor implementation of this Agreement.

2. In this respect the responsibilities of the Joint American-Romanian Economic Commission are as follows:

- to examine periodically the development of economic, industrial, and technical cooperation between the two countries;

- to facilitate the expansion and diversification of economic, industrial, and technical cooperation between the two countries on the basis of mutual benefit, and to identify new areas for such cooperation;

- to provide for the regular exchange of views and information on the development of economic, industrial and technical cooperation and on the reciprocal extension of business facilities; and

- to consider other matters related to implementation of this Agreement.

3. The Commission may establish temporary working groups in various areas as necessary for purposes related to this Agreement.

4. The Commission may facilitate the establishment of joint consultative groups consisting of representatives of firms, companies, and economic organizations of the two countries on matters of particular interest related to this Agreement.

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Article VI

The provisions of this Agreement shall not be construed to impair the rights and obligations of the Parties arising from other agreements or understandings.

Termination of this Agreement shall not affect the validity of contracts or understandings, in force on the date of termination of the Agreement, between nationals, firms, companies, and economic organizations of the two countries, or entered into by either Party.^[1]

Article VII

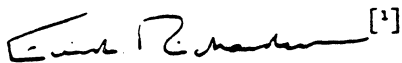
This Agreement shall enter into force on the date on which both Parties have received written notice of its approval by the other Party.

This Agreement shall remain in force for ten years. Thereafter it shall be automatically extended for successive periods of one year, provided that either Party may terminate it at the end of the initial ten-year period or of any successive one-year period by giving six months' written notice to the other Party.

¹ May 5, 1977.

IN WITNESS WHEREOF, the authorized representatives of the Parties have signed this Agreement.

DONE at *Bucharest* on *November 21, 1976* in two original copies, in the English and Romanian languages, both texts being equally authentic.



FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF
THE SOCIALIST REPUBLIC OF ROMANIA:

¹ Elliot L. Richardson
² Patan

Annex I

The Parties recognize the desirability of general principles for the development and operation of cooperation activities, as enumerated in Article II of this Agreement, in which nationals, firms, companies and economic organizations of one Party may participate in the territory of the other. Therefore, the Parties recommend the following principles, subject to laws and regulations in force in the territory of the Party where such cooperation activities take place.

1. Such nationals, firms, companies and economic organizations of a Party, consistent with applicable laws, regulations, and agreements between the Parties, should have the right:

A. To be free to transfer abroad, without discriminatory restrictions and fees, and under the conditions stipulated between the participants, net proceeds, and the value of capital participation, of rights resulting from distribution of assets upon dissolution, and of all other rights to which they are entitled, after payment of fees, taxes, contributions to social insurance and satisfaction of other legal and contractual obligations;

B. To verify compliance with all contractual obligations;

C. To include in the contracts of cooperation measures to facilitate hiring and compensation of necessary local staff for implementation of obligations resulting from cooperation projects, in accordance with laws and regulations in force in the two countries;

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D. To purchase installations, equipment and materials necessary for cooperation activities from domestic or foreign sources according to competitive criteria;

E. To have access to services and facilities necessary for the conduct of business which is no less favorable than that accorded to firms, companies and economic organizations of any third country;

F. To contact and work with officials and appropriate technical personnel of firms, companies and economic organizations of the other Party engaged in cooperation activities, including, as necessary, suppliers of services, supplies and components for cooperation activities, and users of goods produced through such cooperation activities;

G. To enjoy rights and facilities no less than those accorded to representations under the provisions of Annex 2(I) of the Agreement on Trade Relations of April 2, 1975, between the two Parties; and

H. To exercise other rights, and carry out obligations agreed upon between participants in the two countries in their contracts.

2. The Parties recommend that firms, companies and economic organizations give consideration to the use of conciliation procedures established by the Joint U.S.-Romanian Economic Council. The Parties further recommend the adoption of arbitration under the rules of arbitration of the International Chamber of Commerce in Paris for the settlement of disputes between participants in cooperation activities. Such arbitration should take place in a country other than the United States of America or the Socialist Republic of Romania that is a party to the Convention for the

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Recognition and Enforcement of Foreign Arbitral Awards of New York of June 10, 1958:^[1] Participants may mutually agree on any other form or place for the settlement of disputes.

3. The Parties agree that informal government-to-government consultations regarding specific proposals for major cooperation projects between firms, companies or economic organizations of the two Parties, or major investments by firms, companies or economic organizations of one Party in the territory of the other Party, would contribute to achievement of the objectives of this Agreement. Such consultations should take place at the request of either Party prior to conclusion of arrangements for such activities.

4. The Parties also recommend the following general principles for the establishment and operation of joint companies in the territory of one Party, involving capital participation by firms, companies and economic organizations of the other Party. Such joint companies should have the right to hire and compensate directly employees, other than those engaged in management, in conformity with applicable laws and regulations, at rates similar to those predominant domestically in firms, companies or economic organizations engaged in similar activities. Firms, companies and economic organizations participating in such joint companies should have the right, subject to laws and regulations in force in the territory of the Party where the joint company is established:

A. To share in profits in proportion to capital participation in the joint company;

B. To share, in proportion to their capital participation, in assets resulting from termination and dissolution of the joint company;

¹ TIAS 6997: 21 UST 2517.

C. To transfer for value all or part of the rights arising from capital participation, as provided in applicable laws and regulations, and in conformity with the legal instruments establishing the joint company;

D. To examine and verify, upon request, the status of the company's property and books of account, in conformity with the legal instruments establishing the joint company;

E. To participate in management or to be represented in management in equitable proportion to their capital participation in the joint company in accordance with applicable laws and regulations;

F. To limit their liability for the obligations of the joint company to the value of their capital participation;

G. To enter into arrangements for management of the joint company which will assure that management has full powers, consistent with laws and regulations in force, to direct and organize production, sales and other activities of the joint company; and

H. To exercise other rights and to carry out other obligations agreed upon by participants in the joint company, in conformity with the legal instruments establishing the joint company.

5. The Parties recommend that disputes between one Party and a national, firm, company or economic organization of the other Party which arise out of an investment be submitted for conciliation or arbitration as provided by the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States.^[1]

¹ TIAS 6090; 17 UST 1270.

Annex II

In accordance with Article II, paragraph 8 of this Agreement, the following sectors have been identified as areas of particular interest for the development of economic, industrial and technical cooperation between the firms, companies and economic organizations of the two countries:

- machine building industry;
- electrical and electronic industries;
- aviation industry;
- chemical and petrochemical industry;
- petroleum industry;
- mining industry;
- construction materials industry;
- light industry;
- food industry;
- telecommunications;
- computers and data processing;
- agriculture;
- banking.

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SOCIALIST REPUBLIC OF ROMANIA

Cooperation in Agriculture

***Protocol signed at Washington September 11, 1975;
Entered into force September 11, 1975.***

TIAS 8166

(2486)

A-367

P R O T O C O L

on Cooperation in Agriculture between the Department of Agriculture of the United States of America and the Ministry of Agriculture and Food Industry of the Socialist Republic of Romania

The Department of Agriculture of the United States of America and the Ministry of Agriculture and Food Industry of the Socialist Republic of Romania, having in mind:

- The principles and provisions set forth in the Joint Statement of the Presidents of the two countries signed in Washington on December 5, 1973 [1] and the U.S. - Romanian Joint Statement on Economic, Industrial and Technological Cooperation issued in Washington on December 5, 1973, [2]

- The possibilities inherent in the agriculture of the two countries for further development of bilateral relationships between the United States of America and the Socialist Republic of Romania,

- The mutual desire to apply new knowledge and technology in production and processing of agricultural products, and

- The mutual conviction that development of cooperation in agriculture will contribute to the improvement of relations between the two countries,

Agreed on the following:

[1] TIAS 7746; 24 UST 2257.

[2] TIAS 8159; *ante*, p. 2305.

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Article I

The Department of Agriculture of the United States of America (hereinafter "the Department") and the Ministry of Agriculture and Food Industry of the Socialist Republic of Romania (hereinafter "the Ministry") will develop and carry out a program of cooperation in agriculture on the basis of mutual advantage and equality.

Article II

To facilitate development of the agricultural sectors of both countries, the parties will promote cooperation on the basis of mutual advantage in the fields of plant, animal and soil science and mechanization, such as exchanges of germplasm, cooperation in methods for application of agricultural chemicals and use of mathematical models in agriculture.

Cooperative activities undertaken within the framework of this protocol will be implemented by exchanges of materials and information as required by these activities and by organization of symposia and conferences on scientific and technological subjects of mutual interest and by such other means as may be mutually agreed upon by the Department and the Ministry.

The fields in which cooperative activities may be initiated in calendar year 1976 are annexed to this protocol. Additional cooperative activities may be undertaken by mutual agreement. The normal forum for discussion and agreement on additional activities will be the Working Group for Agricultural Cooperation and Trade established as provided in Article IV of this protocol. The annex to this protocol and such additional annexes as may be mutually agreed upon are integral parts of this protocol.

Article III

In order to facilitate timely implementation of cooperative activities agreed upon under this protocol, the parties will encourage the development of direct contacts between governmental organizations, universities, research organizations, firms and enterprises and individuals in the two countries designated by each party to participate in agreed cooperative activities. The parties will ensure that participants keep the Department and the Ministry informed on a continuing basis concerning their cooperative activities.

Cooperative activities undertaken under this protocol will be carried out in accordance with the laws of the United States of America and the Socialist Republic of Romania as well as any rules and guidelines which may be established by mutual agreement between the Department and the Ministry.

Article IV

The organizations charged with the coordination and implementation of this protocol are: on behalf of the United States of America, the Department of Agriculture and on behalf of the Socialist Republic of Romania, the Ministry of Agriculture and Food Industry; they will establish and approve the cooperation programs and projects and the timing of their fulfillment.

The two parties will be responsible in their respective countries for arranging collaboration with other institutions, associations and organizations to ensure the accomplishment of cooperative activities under this protocol.

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In order to promote mutually beneficial cooperation in agriculture, a permanent Working Group on Agricultural Cooperation and Trade will be established within the framework of the U.S.-Romanian Joint Economic Commission. The Working Group will meet not less than once a year to review implementation of the programs established on the basis of this protocol and to explore new possibilities for development of further agricultural cooperation. The Working Group will approve proposals for additional undertakings under this protocol and establish procedures for their implementation. Decisions of the working group may be ad referendum to the Department or the Ministry, if necessary.

Article V

Each party or participating institution, organization or firm shall bear the costs of its participation and that of its personnel in cooperative activities engaged in under this protocol, unless otherwise mutually agreed by the Department and the Ministry.

Article VI

Nothing in this protocol shall be interpreted to prejudice or modify any existing understandings or agreements between the Department and the Ministry or their respective governments.

Article VII

This protocol comes into force when signed and will remain in force for five years.

Unless terminated earlier by mutual agreement or unless one of the parties notifies the other of its intention to terminate the

protocol at least six months before its expiration, this protocol will be automatically extended for an additional five years.

In event of termination of this protocol, arrangements would be made for completion of activities already underway under this protocol.

Concluded in Washington, September 11, 1975 in two copies in the English and Romanian languages, both texts having equal validity.

FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE

Earl L. Butz

Earl L. Butz
Secretary of Agriculture

FOR THE MINISTRY OF AGRICULTURE AND FOOD INDUSTRY OF THE SOCIALIST REPUBLIC OF ROMANIA

Angelo Miculescu

Angelo Miculescu
Deputy Prime Minister
and Minister of Agriculture
and Food Industry


TIAS 8166

ANNEX

to the Protocol on Cooperation in Agriculture between the Department of Agriculture of the United States of America and the Ministry of Agriculture and Food Industry of the Socialist Republic of Romania

Fields for the Cooperative Activities in Calendar Year 1976:

1. Production of corn, wheat and soyabeans and sunflowers including their resistance to insects and diseases;
2. Increasing the production and sugar content of sugar beets;
3. Animal diseases, including foot and mouth disease and transmittable gastroenteritis;
4. Methods of developing hybrid hogs for meat; and
5. Irrigation of plants and desalinization of soils.



Earl L. Butz
Secretary of Agriculture



Angelo Miculescu
Deputy Prime Minister
and Minister of Agriculture
and Food Industry

SOCIALIST REPUBLIC OF ROMANIA

Development of Agricultural Trade

*Protocol signed at Washington September 11, 1975;
Entered into force September 11, 1975.*

TIAS 8167

(2500)

A-374

P R O T O C O L

on Development of Agricultural Trade between the Department of Agriculture of the United States of America and the Ministry of Agriculture and Food Industry of the Socialist Republic of Romania

The Department of Agriculture of the United States of America and the Ministry of Agriculture and Food Industry of the Socialist Republic of Romania, having in mind:

- The principles and provisions set forth in the Joint Statement of the Presidents of the two countries signed in Washington on December 5, 1973 [¹] and the U.S.-Romanian Joint Statement on Economic, Industrial and Technological Cooperation issued in Washington on December 5, 1973 [²]

- The possibilities inherent in the agriculture of both countries for the further development of bilateral relationships between the United States of America and the Socialist Republic of Romania in the field of agriculture, and the important contributions to the liberalization of international trade which both countries can make,

- The traditional importance of agriculture in American-Romanian trade both in imports and exports, and the desire of both countries to expand this trade for the mutual benefit of their economies,

¹ TIAS 7746; 24 UST 2257.

² TIAS 8159; *ante*, p. 2305.

Agreed on the following:

Article I

To ensure harmonious development of trade in agricultural products, and to further the objectives of the U.S.-Romanian Joint Statement of December 5, 1973 on Economic, Industrial and Technological Cooperation, the Department of Agriculture of the United States of America (hereinafter "the Department") and the Romanian Ministry of Agriculture and Food Industry (hereinafter "the Ministry") will exchange on a regular basis agricultural economic information, including stocks and forward estimates on supply and demand, and trade in major agricultural commodities for their countries and for world trade in these commodities.

Article II

By November of each year the Ministry will provide the Department with a list of agricultural commodities and their quantities which Romania intends to import for its own needs from the United States for the following year and will inform the Department of significant changes in planned imports from the United States when and if these occur. As crop information becomes available during the growing and harvest season, the Department will provide the Ministry with estimates of United States and world market demand and export availabilities for agricultural commodities.

The Department will provide marketing information when requested by the Ministry for products for which there are potential export opportunities in the United States market.

TIAS 8167

Subject to availabilities the Department will endeavor to assure that Romanian foreign trade enterprises can purchase commodities in the United States market, at a minimum in the quantities specified in the current version of the list to be provided by the Ministry.

Article III

On the basis of most favored nation treatment accorded to Romania by the United States under the U.S.-Romanian Trade Agreement,^[1] the Department will take into consideration applications for CCC credits for exports to Romania under the criteria then being applied in determining the availability of CCC credit, consistent with applicable provisions of law.

Article IV

To introduce more stability into commodity markets, the parties will encourage the conclusion of long-term purchasing arrangements between private exporters in the United States of agricultural commodities and Romanian foreign trade enterprises. Exports to Romania under such arrangements will be in accordance with the provisions of Article II of this protocol.

Article V

Taking into account the importance of the volume and growth of two-way agricultural trade to both countries, the parties declare their determination to facilitate bilateral trade in agricultural products.

Consistent with its domestic legal provisions and the U.S.-Romanian Trade Agreement, each party reaffirms the desirability of according agricultural imports from the other most favored nation treatment under the General Agreement on Tariffs and Trade.^[2]

¹ TIAS 8159; *ante*, p. 2305.

² TIAS 1700; 61 Stat., pts. 5 and 6.

Article VI

The Department recognizes that Romania, as a developing country, may be eligible for tariff treatment accorded to developing countries under the Generalized System of Preferences of the United States.

Article VII

In order to promote further mutually beneficial trade, a permanent Working Group on Agricultural Cooperation and Trade will be established within the framework of the U.S.-Romanian Joint Economic Commission. This working group will meet not less than once a year for consultations on agricultural trade between the United States and Romania and on the state of the international agricultural economy and for the functions set forth in the Protocol on Cooperation in Agriculture between the Department of Agriculture of the United States of America and the Ministry of Agriculture and Food Industry of the Socialist Republic of Romania signed in Washington September 11, 1975. [1]

Article VIII

The parties support the Tokyo Declaration on the multilateral trade negotiations and declare that nothing in this protocol shall prejudice or modify existing undertakings by either country under the General Agreement on Tariffs and Trade or its domestic legislation.

Article IX

This protocol comes into force when signed and will remain in force for five years.

Unless terminated earlier by mutual agreement or unless one of the parties notifies the other of its intention to terminate the protocol at least six months before its expiration, this protocol will be automatically extended for an additional five years.

[1] TIAS 8166; *ante*, p. 2486.

In event of termination of this protocol, arrangements would be made for completion of activities already underway under this protocol.

Concluded in Washington, September 11, 1975 in two copies in the English and Romanian languages, both texts having equal validity.

FOR THE UNITED STATES DEPARTMENT
OF AGRICULTURE

Earl L. Butz
Earl L. Butz
Secretary of Agriculture

FOR THE MINISTRY OF AGRICULTURE
AND FOOD INDUSTRY OF THE SOCIAL-
IST REPUBLIC OF ROMANIA

Angelo Miculescu
Angelo Miculescu
Deputy Prime Minister
and Minister of Agriculture
and Food Industry

TIAS 8167

Acest Protocol va fi prelungit în mod automat pentru o nouă perioadă de 5 ani dacă, pe bază de înțelegere comună, nu va fi reziliat mai devreme sau dacă nici una dintre Părți nu va notifica celeilalte Părți, cu cel puțin 6 luni înainte de expirare, intenția sa de a rezilia acest Protocol.

În cazul rezilierii acestui Protocol, vor fi făcute aranjamente pentru îndeplinirea acțiunilor deja angajate pe baza acestui Protocol.

Incheiat la Washington, la 11 septembrie 1975, în două exemplare, în limbile engleză și română, ambele texte având aceeași valabilitate.

P e n t r u
Departamentul Agriculturii
al
Statelor Unite ale Americii

Earl L. Butz
EARL L. BUTZ

Secretarul pentru
Agricultură

P e n t r u
Ministerul Agriculturii și
Industriei Alimentare al
Republicii Socialiste România

Angelo Miculescu
ANGELO MICULESCU

Vice Prim-Ministru și Ministrul
Agriculturii și Industriei
Alimentare

TIAS 8167

SOCIALIST REPUBLIC OF ROMANIA

Investment Guaranties

*Agreement effected by exchange of notes
Signed at Bucharest April 28, 1973;
Entered into force April 28, 1973.*

*The American Ambassador to the Romanian Minister Secretary of State,
Ministry of Foreign Trade*

EMBASSY OF THE UNITED STATES OF AMERICA

BUCHAREST, April 28, 1973

EXCELLENCY:

I have the honor to refer to conversations which have recently taken place between representatives of the Government of the United States of America and the Government of the Socialist Republic of Romania relating to investments in the Socialist Republic of Romania designed to promote the development of the economic resources and productive capacities in the Socialist Republic of Romania and to insurance and guaranties of such investments issued as an incentive through the Overseas Private Investment Corporation or a successor agency of the Government of the United States of America conducting programs having the same functions and objectives as those of the Overseas Private Investment Corporation. I also have the honor to confirm on instructions from the Government of the United States of America the following understandings reached as a result of those conversations:

1. When an investor proposes to invest in an economic organization within the Socialist Republic of Romania with the assistance of insurance or guaranties (hereinafter referred to as "coverage") issued pursuant to this Agreement by the Government of the United States of America, the Government of the United States of America (the Issuing Government) and the Government of the Socialist Republic of Romania (the Host Government) shall, when considered necessary by either, consult respecting the proposed investment.
2. The Host Government agrees that coverage under this Agreement may be issued with respect to investment in a joint venture that has been approved in accordance with the applicable laws and regulations of the Host Government.

(1073)

TIAS 7627

The issuance of coverage under this Agreement with respect to other forms of investment shall require the express approval of the Host Government.

3. If the Issuing Government makes payment to any investor under coverage issued pursuant to this Agreement, the Host Government shall recognize the transfer to the Issuing Government of the rights and obligations of the covered investor, with respect to the claim for which payment is made, derived from the contract of association, the statutes of the joint venture or any applicable laws of the Host Government. The Issuing Government shall with respect to any rights transferred or succeeded to under this paragraph assert no greater rights than those of the covered investor derived from the approved investment and shall acquire such rights subject to the payment of legal taxes and the fulfillment of other obligations ensuing from the contract of association. The Issuing Government does, however, reserve its rights to assert a claim in its sovereign capacity under international law.

4. To the extent that the laws of the Host Government partially or wholly invalidate or prohibit the acquisition from a covered investor of any interests in any property within its national territory by the Issuing Government, the Host Government shall permit the Issuing Government to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Host Government.

5. (a) Differences between the two Governments concerning the interpretation and application of the provisions of this Agreement or involving the assertion by either Government of a claim under public international law with respect to any investment covered under this Agreement shall be resolved, insofar as possible, through negotiations between the two Governments. If such a difference cannot be resolved within a period of six months following the request for such negotiations the difference, including whether a question of international law is presented, shall be submitted at the request of either Government to an arbitral tribunal for resolution in accordance with Paragraph 5(b).

(b) The arbitral tribunal for resolution of disputes pursuant to Paragraph 5(a) shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall propose a President by common agreement who shall be a citizen of a third State and be appointed by the two Governments. The arbitrators shall be appointed within four months and the President within six months of the date of receipt of either Government's request for arbitration. If the arbitrators are not appointed within the foregoing time limit, the Government which has failed to appoint its arbitrator agrees that this arbitrator is to be appointed by the Secretary General of the United Nations. Also, if the two Governments

do not come to an agreement within the foregoing time limit regarding the appointment of the President, they agree that the President is to be appointed by the Secretary General of the United Nations.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding. Only the two Governments may request the arbitral procedure and participate in it.

(iii) Each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal. The expenses of the President and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

6. The two Governments, desiring reciprocity, agree that, in the event the Government of the Socialist Republic of Romania is authorized under its laws to issue coverage for investments in any project or activity within the United States of America under a program similar to the investment incentive program to which this Agreement relates, there shall be, upon the request of either Government, an exchange of notes to make applicable, with respect to such investments made in the United States of America, provisions equivalent to those of this Agreement.

7. This Agreement shall enter into force on the date of confirmation of its approval by the Government of the United States of America and the Government of the Socialist Republic of Romania.

This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of its intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to coverage issued while the Agreement was in force shall remain in force for the duration of such coverage, but in no case longer than twenty years after the denunciation of the Agreement.

At the same time, I have the honor to confirm that the Government of the United States has approved this Agreement.

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

LEONARD C. MEEKER

His Excellency

NICOLAE M. NICOLAE

Minister Secretary of State

Ministry of Foreign Trade

Bucharest

TIAS 7627

Translation

To His Excellency Leonard C. Meeker
*Ambassador of the United States of America
to the Socialist Republic of Romania*

I have the honor to confirm the receipt of your note of April 28, 1973, which reads as follows:

[For the English language text, see p. 1073.]

At the same time, Excellency, I have the honor to confirm that the Government of the Socialist Republic of Romania has approved the above Agreement.

Accept, Excellency, the assurance of my highest consideration.

NICOLAE

Nicolae M. Nicolae
*Minister Secretary of State in
the Ministry of Foreign Trade*

BUCHAREST, *April 28, 1973*

TIAS 7627

SOCIALIST REPUBLIC OF ROMANIA

Visa Facilitation

*Agreement effected by exchange of notes
Dated at Bucharest September 1 and October 10, 1977;
Entered into force October 10, 1977.*

The American Embassy to the Romanian Ministry of Foreign Affairs

PS 7-2/1907

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Socialist Republic of Romania and has the honor to express its pleasure at the Ministry's acceptance of the visa facilitation proposals embodied in the Embassy's diplomatic notes PS 7-2/1401 and PS 7-2/1403 of May 9, 1977.^[1]

A. As requested by the Ministry's note (Nota verbala nr. 08/61090 of July 13, 1977)^[1] the Embassy is hereby combining the texts of the separate notes into this single note.

B. The Government of the United States agrees to issue multiple entry visas valid for a six-month period to Romanian citizens applying for tourist (Turistica) and business (interes de serviciu/tratative comerciale) visas, and also transit visas valid for multiple entries for one year to the bearers of Romanian diplomatic and official passports.

C. In addition, holders of Romanian diplomatic or official passports being assigned permanently or temporarily to the Romanian Embassy at Washington and the Romanian Mission in New York, and members of Romanian permanent or temporary delegations to the United Nations, and immediate family members of the above can expect that the U.S. Government will normally complete processing of visa applications in five working days from the date of submission.

D. In urgent cases in the categories in Paragraph C above and in cases of employees of Romanian Ministries and their immediate family members who wish only to transit the United States, the U.S. Government will process visa applications in less than five working days, and in urgent cases, even immediately. In such instances, expeditious handling of the application will be undertaken only if the U.S. Government receives, at the time of the visa issuance, infor-

¹ Not printed

mation as to the traveler's planned date and port of arrival in the United States, identification of the means of transport to be utilized, including airline's name and flight number, the destination and purpose of entry and, in the case of transit travelers, the itinerary through and means of transport from the United States.

E. The U.S. Government will likewise endeavor to process visa applications of holders of Romanian diplomatic or official passports, who are not in the above categories, in five working days or as soon as possible as permitted by U.S. visa regulations and procedures. The U.S. Government will similarly endeavor to process in five working days or less applications for "courtesy" visas from Romanians desiring to make personal visits to Romanian officials assigned in the United States.

The Embassy understands that this Note, together with the Ministry's Note verbale accepting the above proposals and granting reciprocal Romanian visa facilitation for holders of United States passports, will constitute agreement between the two governments on this subject.

The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Socialist Republic of Romania the assurances of its highest consideration.

EMBASSY OF THE UNITED STATES OF AMERICA
BUCHAREST, *September 1, 1977*

The Romanian Ministry of Foreign Affairs to the American Embassy

REPUBLICA SOCIALISTA ROMANIA
MINISTERUL
AFACERILOR EXTERNE

Nr. 08/67993

Ministerul Afacerilor Externe al Republicii Socialiste România prezintă salutul său Ambasadei Statelor Unite ale Americii și are onoarea a confirma primirea Notei Verbale a Ambasadei nr. PS7-2/1907 din 1 septembrie 1977, avînd următorul conținut:

"PS 7-2/1907

Ambasada Statelor Unite ale Americii prezintă complimentele sale Ministerului Afacerilor Externe al Republicii Socialiste România și are onoarea de a-și exprima satisfacția față de acceptarea de către Minister a propunerilor privind facilitățile în materie de vize cuprinse în Notele diplomatice ale Ambasadei PS 7-2/1401 și PS 7-2/1403 din 9 mai 1977.

TIAS 9075

A. Așa cum s-a solicitat prin nota Ministerului (Nota Verbală nr.08/61090 din 13 iulie 1977) Ambasada include textele notelor separate într-o singură notă.

B. Guvernul Statelor Unite este de acord să elibereze vize cu intrări multiple, valabile pe o perioadă de șase luni, cetățenilor români care solicită vize turistice (Turistica) și de afaceri (interes de serviciu/tratative comerciale) și, de asemenea, vize de tranzit, valabile pentru intrări multiple pe o perioadă de un an, posesorilor de pașapoarte diplomatice și oficiale române.

C. De asemenea, în ceea ce privește posesorii de pașapoarte diplomatice și oficiale române numiți permanent sau temporar la Ambasada română din Washington și Misiunea română din New York, membrii delegațiilor române permanente sau temporare la Națiunile Unite, precum și membrii lor de familie apropiați, este de presupus că guvernul Statelor Unite va soluționa cererile de viză în termen de cinci zile lucrătoare de la data prezentării lor.

D. În cazurile urgente privind categoriile prevăzute la paragraful C de mai sus, precum și angajații ministerelor române, inclusiv membrii lor de familie apropiate, care doresc să tranziteze Statele Unite, guvernul Statelor Unite va soluționa cererile de viză în mai puțin de cinci zile lucrătoare, iar în cazurile urgente chiar imediat. În astfel de situații, cererile de viză vor fi soluționate prompt numai dacă guvernul Statelor Unite primește, până în momentul acordării vizei, detalii cu privire la data și locul sosirii în Statele Unite, mijloacele de transport ce vor fi folosite, inclusiv numele companiei aeriene și numărul zborului, destinația și scopul intrării și, în cazul călătorilor în tranzit, itinerariul prin și mijloacele de transport din Statele Unite.

E. De asemenea, guvernul Statelor Unite se va strădui să rezolve cererile de viză ale posesorilor de pașapoarte diplomatice și oficiale române, care nu sînt incluși în categoriile de mai sus, în termen de cinci zile lucrătoare sau cît mai curînd posibil potrivit regulilor și procedurilor Statelor Unite. Guvernul Statelor Unite se va strădui, de asemenea, să rezolve în termen de cinci zile lucrătoare sau mai puțin cererile pentru vizele de "curtoazie" ale cetățenilor români care doresc să facă vizite în interes personal oficialilor români numiți în Statele Unite.

Ambasada înțelege că această Notă, împreună cu Nota Verbală a Ministerului prin care se acceptă propunerile de mai sus și se acordă aceleași facilități în materie de vize române posesorilor de pașapoarte ale Statelor Unite, vor constitui acordul între cele două guverne în această materie.

Ambasada Statelor Unite ale Americii folosește acest prilej pentru a reînnoi Ministerului Afacerilor Externe al Republicii Socialiste România asigurarea considerației sale celei mai înalte.

AMBASADA STATELOR UNITE ALE AMERICII,
BUCUREȘTI, 1 septembrie 1977."

TIAS 9075

SOVIET UNION

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS
REGARDING TRADE

The Government of the United States of America and the
Government of the Union of Soviet Socialist Republics,

Considering that the peoples of the United States of
America and of the Union of Soviet Socialist Republics seek a new
era of commercial friendship, an era in which the resources of
both countries will contribute to the well-being of the peoples
of each and an era in which common commercial interest can point
the way to better and lasting understanding,

Having agreed at the Moscow Summit that commercial and
economic ties are an important and necessary element in the
strengthening of their bilateral relations,

Noting that favorable conditions exist for the development
of trade and economic relations between the two countries to
their mutual advantage,

Desiring to make the maximum progress for the benefit of
both countries in accordance with the tenets of the Basic
Principles of Relations Between the United States of America and
the Union of Soviet Socialist Republics signed in Moscow on
May 29, 1972,

Believing that agreement on basic questions of economic trade
relations between the two countries will best serve the interests
of both their peoples,

Have agreed as follows:

Article 1

1. Each Government shall accord unconditionally to products originating in or exported to the other country treatment no less favorable than that accorded to like products originating in or exported to any third country in all matters relating to:

(a) customs duties and charges of any kind imposed on or in connection with importation or exportation including the method of levying such duties and charges;

(b) internal taxation, sale, distribution, storage and use;

(c) charges imposed upon the international transfer of payments for importation or exportation; and

(d) rules and formalities in connection with importation or exportation.

2. In the event either Government applies quantitative restrictions to products originating in or exported to third countries, it shall afford to like products originating in or exported to the other country equitable treatment vis-a-vis that applied in respect of such third countries.

3. Paragraphs 1 and 2 of this Article 1 shall not apply to (i) any privileges which are granted by either Government to neighboring countries with a view toward facilitating frontier traffic, or (ii) any preferences granted by either Government in recognition of Resolution 21 (II) adopted on March 26, 1968 at the Second UNCTAD, or (iii) any action by either Government which is permitted under any multilateral trade agreement to which such Government is a party on the date of signature of this Agreement, if such agreement would permit such action in similar circumstances

with respect to like products originating in or exported to a country which is a signatory thereof, or (iv) the exercise by either Government of its rights under Articles 3 or 8 of this Agreement.

Article 2

1. Both Governments will take appropriate measures, in accordance with the laws and regulations then current in each country, to encourage and facilitate the exchange of goods and services between the two countries on the basis of mutual advantage and in accordance with the provisions of this Agreement. In expectation of such joint efforts, both Governments envision that total bilateral trade in comparison with the period 1969-1971 will at least triple over the three-year period contemplated by this Agreement.

2. Commercial transactions between the United States of America and the Union of Soviet Socialist Republics shall be effected in accordance with the laws and regulations then current in each country with respect to import and export control and financing, as well as on the basis of contracts to be concluded between natural and legal persons of the United States of America and foreign trade organizations of the Union of Soviet Socialist Republics. Both Governments shall facilitate, in accordance with the laws and regulations then current in each country, the conclusion of such contracts, including those on a long-term basis, between natural and legal persons of the United States of America and foreign trade organizations of the Union of Soviet Socialist Republics. It is understood that such contracts will generally be concluded on terms customary in international commercial practice.

3. Both Governments, by mutual agreement, will examine various fields, in which the expansion of commercial and industrial cooperation is desirable, with regard for, in particular, the long-term requirements and resources of each country in raw materials, equipment and technology and, on the basis of such examination, will promote cooperation between interested organizations and enterprises of the two countries with a view toward the realization of projects for the development of natural resources and projects in the manufacturing industries.

4. The Government of the Union of Soviet Socialist Republics expects that, during the period of effectiveness of this Agreement, foreign trade organizations of the Union of Soviet Socialist Republics will place substantial orders in the United States of America for machinery, plant and equipment, agricultural products, industrial products and consumer goods produced in the United States of America.

Article 3

Each Government may take such measures as it deems appropriate to ensure that the importation of products originating in the other country does not take place in such quantities or under such conditions as to cause, threaten or contribute to disruption of its domestic market. The procedures under which both Governments shall cooperate in carrying out the objectives of this Article are set forth in Annex 1, which constitutes an integral part of this Agreement.

Article 4

All currency payments between natural and legal persons of the United States of America and foreign trade and other appropriate organizations of the Union of Soviet Socialist Republics shall be made in United States dollars or any other freely convertible currency mutually agreed upon by such persons and organizations.

Article 5

1. The Government of the United States of America may establish in Moscow a Commercial Office of the United States of America and the Government of the Union of Soviet Socialist Republics may establish in Washington a Trade Representation of the Union of Soviet Socialist Republics. The Commercial Office and the Trade Representation shall be opened simultaneously on a date and at locations to be agreed upon.

2. The status concerning the functions, privileges, immunities and organization of the Commercial Office and the Trade Representation is set forth in Annexes 2 and 3, respectively, attached to this Agreement, of which they constitute an integral part.

3. The establishment of the Commercial Office and the Trade Representation shall in no way affect the rights of natural or legal persons of the United States of America and of foreign trade organizations of the Union of Soviet Socialist Republics, either in the United States of America or in the Union of Soviet Socialist Republics, to maintain direct relations with each other with a view to the negotiation, execution and fulfillment of trade transactions.

To facilitate the maintenance of such direct relations the Commercial Office may provide office facilities at its location to employees or representatives of natural and legal persons of the United States of America, and the Trade Representation may provide office facilities at its location to employees or representatives of foreign trade organizations of the Union of Soviet Socialist Republics, which employees and representatives shall not be officers or members of the administrative, technical or service staff of the Commercial Office or the Trade Representation. Accordingly, the Commercial Office and the Trade Representation, and their respective officers and staff members, shall not participate directly in the negotiation, execution or fulfillment of trade transactions or otherwise carry on trade.

Article 6

1. In accordance with the laws and regulations then current in each country, natural and legal persons of the United States of America and foreign trade organizations of the Union of Soviet Socialist Republics may open their representations in the Union of Soviet Socialist Republics and the United States of America, respectively. Information concerning the opening of such representations and provision of facilities in connection therewith shall be provided by each Government upon the request of the other Government.

2. Foreign trade organizations of the Union of Soviet Socialist Republics shall not claim or enjoy in the United States of America, and private natural and legal persons of the United States of America shall not claim or enjoy in the Union of Soviet Socialist Republics, immunities from suit or execution of judgment or other liability with respect to commercial transactions.

3. Corporations, stock companies and other industrial or financial commercial organizations, including foreign trade organizations, domiciled and regularly organized in conformity to the laws in force in one of the two countries shall be recognized as having a legal existence in the other country.

Article 7

1. Both Governments encourage the adoption of arbitration for the settlement of disputes arising out of international commercial transactions concluded between natural and legal persons of the United States of America and foreign trade organizations of the Union of Soviet Socialist Republics, such arbitration to be provided for by agreements in contracts between such persons and organizations, or, if it has not been so provided, to be provided for in separate agreements between them in writing executed in the form required for the contract itself, such agreements:

(a) to provide for arbitration under the Arbitration Rules of the Economic Commission for Europe of January 20, 1966, in which case such agreement should also designate an Appointing Authority in a country other than the United States of America or the Union of Soviet Socialist Republics for the appointment of an arbitrator or arbitrators in accordance with those Rules; and

(b) to specify as the place of arbitration a place in a country other than the United States of America or the Union of Soviet Socialist Republics that is a party to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Such persons and organizations, however, may decide upon any other form of arbitration which they mutually prefer and agree best suits their particular needs.

2. Each Government shall ensure that corporations, stock companies, and other industrial or financial commercial organizations including foreign trade organizations, domiciled and regularly organized in conformity to the laws in force in the other country shall have the right to appear before courts of the former, whether for the purpose of bringing an action or of defending themselves against one, including but not limited to, cases arising out of or relating to transactions contemplated by this Agreement. In all such cases the said corporations, companies and organizations shall enjoy in the other country the same rights which are or may be granted to similar companies of any third country.

Article 8

The provisions of this Agreement shall not limit the right of either Government to take any action for the protection of its security interests.

Article 9

1. This Agreement shall enter into force upon the exchange of written notices of acceptance. This Agreement shall remain in force for three years, unless extended by mutual agreement.

2. Both Governments will work through the Joint US-USSR Commercial Commission established in accordance with the Communiqué issued in Moscow on May 26, 1972, in overseeing and facilitating the implementation of this Agreement in accordance with the terms of reference and rules of procedure of the Commission.

3. Prior to the expiration of this Agreement, the Joint US-USSR Commercial Commission shall begin consultations regarding extension of this Agreement or preparation of a new agreement to replace this Agreement.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Agreement on behalf of their respective Governments.

DONE at Washington in duplicate this 18th day of October, 1972, in the English and Russian languages, each language being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

Peter G. Peterson

FOR THE GOVERNMENT OF THE UNION
OF SOVIET SOCIALIST REPUBLICS:

A. S. Gouzenko

Annex 1
To the Agreement Between
the Government of the United States of America and
the Government of the Union of Soviet Socialist Republics
Regarding Trade

PROCEDURE FOR THE IMPLEMENTATION OF ARTICLE 3

1. Both Governments agree to consult promptly at the request of either Government whenever such Government determines that actual or prospective imports of a product originating in the other country under certain conditions or in certain quantities could cause, threaten or contribute to disruption of the market of the requesting country.

2. (a) Consultations shall include a review of the market and trade situation for the product involved and shall be concluded within sixty days of the request unless otherwise agreed during the course of such consultations. Both Governments, in carrying out these consultations, shall take due account of any contracts concluded prior to the request for consultations between natural and legal persons of the United States of America and foreign trade organizations of the Union of Soviet Socialist Republics engaged in trade between the two countries.

(b) Unless a different solution is agreed upon during the consultations, the quantitative import limitations or other conditions stated by the importing country to be necessary to prevent or remedy the market disruption situation in question shall be deemed agreed as between the two Governments.

(c) At the request of the Government of the importing country, if it determines that an emergency situation exists, the limitations or other conditions referred to in its request for consultations shall be put into effect prior to the conclusion of such consultations.

3. (a) In accordance with the laws and regulations then current in each country, each Government shall take appropriate measures to ensure that exports from its country of the products concerned do not exceed the quantities or vary from the conditions established for imports of such products into the other country pursuant to paragraphs 1 and 2 of this Annex 1.

(b) Each Government may take appropriate measures with respect to imports into its country to ensure that imports of products originating in the other country comply with such quantitative limitations or conditions as may be established in accordance with paragraphs 1 and 2 of this Annex 1.

Annex 2
To the Agreement Between
the Government of the United States of America and
the Government of the Union of Soviet Socialist Republics
Regarding Trade

THE STATUS OF THE COMMERCIAL OFFICE OF
THE UNITED STATES OF AMERICA IN THE
UNION OF SOVIET SOCIALIST REPUBLICS

Article 1

The Commercial Office of the United States of America may perform the following functions:

1. Promote the development of trade and economic relations between the United States of America and the Union of Soviet Socialist Republics; and
2. Provide assistance to natural and legal persons of the United States of America in facilitating purchases, sales and other commercial transactions.

Article 2

1. The Commercial Office shall consist of one principal officer and no more than three deputy officers and a mutually agreed number of staff personnel, provided, however, that the number of officers and staff personnel permitted may be changed by mutual agreement of the two Governments.
2. The Commercial Office, wherever located, shall be an integral part of the Embassy of the United States of America in Moscow. The Government of the Union of Soviet Socialist Republics shall facilitate in accordance with its laws and regulations the acquisition or lease by the Government of the United States of America of suitable premises for the Commercial Office.
3. (a) The Commercial Office, including all of its premises and property, shall enjoy all of the privileges and immunities which are enjoyed by the Embassy of the United States of America in Moscow. The Commercial Office shall have the right to use cipher.

(b) The principal officer of the Commercial Office and his deputies shall enjoy all of the privileges and immunities which are enjoyed by members of the diplomatic staff of the Embassy of the United States of America in Moscow.

(c) Members of the administrative, technical and service staffs of the Commercial Office who are not nationals of the Union of Soviet Socialist Republics shall enjoy all of the privileges and immunities which are enjoyed by corresponding categories of personnel of the Embassy of the United States of America in Moscow.

Annex 3
To the Agreement Between
the Government of the United States of America and
the Government of the Union of Soviet Socialist Republics
Regarding Trade

THE STATUS OF THE TRADE REPRESENTATION OF
THE UNION OF SOVIET SOCIALIST REPUBLICS
IN THE UNITED STATES OF AMERICA

Article 1

The Trade Representation of the Union of Soviet Socialist Republics may perform the following functions:

1. Promote the development of trade and economic relations between the Union of Soviet Socialist Republics and the United States of America; and
2. Represent the interests of the Union of Soviet Socialist Republics in all matters relating to the foreign trade of the Union of Soviet Socialist Republics with the United States of America and provide assistance to foreign trade organizations of the Union of Soviet Socialist Republics in facilitating purchases, sales and other commercial transactions.

Article 2

1. The Trade Representation shall consist of one principal officer, designated as Trade Representative, and no more than three deputy officers and a mutually agreed number of staff personnel, provided, however, that the number of officers and staff personnel permitted may be changed by mutual agreement of the two Governments.
2. The Trade Representation, wherever located, shall be an integral part of the Embassy of the Union of Soviet Socialist Republics in Washington. The Government of the United States of America shall facilitate in accordance with its laws and regulations the acquisition or lease by the Government of the Union of Soviet Socialist Republics of suitable premises for the Trade Representation.
3. (a) The Trade Representation, including all of its premises and property, shall enjoy all of the privileges and immunities which are enjoyed by the Embassy of the Union of Soviet Socialist Republics in Washington. The Trade Representation shall have the right to use cipher.

(b) The Trade Representative and his deputies shall enjoy all of the privileges and immunities which are enjoyed by members of the diplomatic staff of the Embassy of the Union of Soviet Socialist Republics in Washington.

(c) Members of the administrative, technical and service staffs of the Trade Representation who are not nationals of the United States of America shall enjoy all of the privileges and immunities which are enjoyed by corresponding categories of personnel of the Embassy of the Union of Soviet Socialist Republics in Washington.

U.S.-U.S.S.R. AGREEMENT ON BASIC PRINCIPLES OF RELATIONS*
[Done at Moscow, May 29, 1972]

BASIC PRINCIPLES OF RELATIONS
BETWEEN THE UNITED STATES OF AMERICA
AND THE UNION OF SOVIET SOCIALIST REPUBLICS

The United States of America and the Union of Soviet Socialist Republics,

Guided by their obligations under the Charter of the United Nations and by a desire to strengthen peaceful relations with each other and to place these relations on the firmest possible basis,

Aware of the need to make every effort to remove the threat of war and to create conditions which promote the reduction of tensions in the world and the strengthening of universal security and international cooperation,

Believing that the improvement of US-Soviet relations and their mutually advantageous development in such areas as economics, science and culture, will meet these objectives and contribute to better mutual understanding and business-like cooperation, without in any way prejudicing the interests of third countries,

*[Reproduced from the text provided by the U.S. Department of State. The Agreement on Basic Principles was one of the agreements signed at Moscow during the visit of the United States President (May 22-30, 1972). The agreements on environmental protection, cooperation in space, medical science and public health, science and technology, and prevention of incidents at sea appear respectively at I.L.M. pages 766, 770, 773, and 778. The treaty on the limitation of ABM systems, the interim agreement and protocol on the limitation of strategic offensive arms, and the agreed interpretations and unilateral statements concerning these disarmament agreements appear at I.L.M. pages 784, and 796.]

Conscious that these objectives reflect the interests of the peoples of both countries,

Have agreed as follows:

First. They will proceed from the common determination that in the nuclear age there is no alternative to conducting their mutual relations on the basis of peaceful coexistence. Differences in ideology and in the social systems of the USA and the USSR are not obstacles to the bilateral development of normal relations based on the principles of sovereignty, equality, non-interference in internal affairs and mutual advantage.

Second. The USA and the USSR attach major importance to preventing the development of situations capable of causing a dangerous exacerbation of their relations. Therefore, they will do their utmost to avoid military confrontations and to prevent the outbreak of nuclear war. They will always exercise restraint in their mutual relations, and will be prepared to negotiate and settle differences by peaceful means. Discussions and negotiations on outstanding issues will be conducted in a spirit of reciprocity, mutual accommodation and mutual benefit.

Both sides recognize that efforts to obtain unilateral advantage at the expense of the other, directly or indirectly, are inconsistent with these objectives. The prerequisites for maintaining and strengthening

peaceful relations between the USA and the USSR are the recognition of the security interests of the Parties based on the principle of equality and the renunciation of the use or threat of force.

Third. The USA and the USSR have a special responsibility, as do other countries which are permanent members of the United Nations Security Council, to do everything in their power so that conflicts or situations will not arise which would serve to increase international tensions. Accordingly, they will seek to promote conditions in which all countries will live in peace and security and will not be subject to outside interference in their internal affairs.

Fourth. The USA and the USSR intend to widen the juridical basis of their mutual relations and to exert the necessary efforts so that bilateral agreements which they have concluded and multilateral treaties and agreements to which they are jointly parties are faithfully implemented.

Fifth. The USA and the USSR reaffirm their readiness to continue the practice of exchanging views on problems of mutual interest and, when necessary, to conduct such exchanges at the highest level, including meetings between leaders of the two countries.

The two governments welcome and will facilitate an increase in productive contacts between representatives

of the legislative bodies of the two countries.

Sixth. The Parties will continue their efforts to limit armaments on a bilateral as well as on a multilateral basis. They will continue to make special efforts to limit strategic armaments. Whenever possible, they will conclude concrete agreements aimed at achieving these purposes.

The USA and the USSR regard as the ultimate objective of their efforts the achievement of general and complete disarmament and the establishment of an effective system of international security in accordance with the purposes and principles of the United Nations.

Seventh. The USA and the USSR regard commercial and economic ties as an important and necessary element in the strengthening of their bilateral relations and thus will actively promote the growth of such ties. They will facilitate cooperation between the relevant organizations and enterprises of the two countries and the conclusion of appropriate agreements and contracts, including long-term ones.

The two countries will contribute to the improvement of maritime and air communications between them.

Eighth. The two sides consider it timely and useful to develop mutual contacts and cooperation in the fields of science and technology. Where suitable, the USA and the USSR will conclude appropriate agreements dealing with

concrete cooperation in these fields.

Ninth. The two sides reaffirm their intention to deepen cultural ties with one another and to encourage fuller familiarization with each other's cultural values. They will promote improved conditions for cultural exchanges and tourism.

Tenth. The USA and the USSR will seek to ensure that their ties and cooperation in all the above-mentioned fields and in any others in their mutual interest are built on a firm and long-term basis. To give a permanent character to these efforts, they will establish in all fields where this is feasible joint commissions or other joint bodies.

Eleventh. The USA and the USSR make no claim for themselves and would not recognize the claims of anyone else to any special rights or advantages in world affairs. They recognize the sovereign equality of all states.

The development of US-Soviet relations is not directed against third countries and their interests.

Twelfth. The basic principles set forth in this document do not affect any obligations with respect to other countries earlier assumed by the USA and the USSR.

Moscow, May 29, 1972

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

October 18, 1972

Dear Mr. Minister,

I have the honor to refer to our recent discussions relating to Article 3 and Annex 1 of the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade to be signed today. In accordance with those provisions and discussions, and consistent with current United States laws and regulations concerning exports, it is understood that the United States Government will meet its obligations under paragraph 3(a) of Annex 1 with respect to limitations or conditions established pursuant to a request of the Government of the Union of Soviet Socialist Republics under paragraphs 1 and 2 of Annex 1 by making available to United States exporters information regarding the quantities or conditions stated by the Government of the Union of Soviet Socialist Republics in its request, or as otherwise established following consultations provided for under Annex 1.

I further understand that the Government of the Union of Soviet Socialist Republics will limit or establish conditions on exports of any product from the Union of Soviet Socialist Republics to the United States if requested to do so in accordance with Annex 1.

I would appreciate receiving your confirmation of the foregoing understandings on behalf of the Government of the Union of Soviet Socialist Republics.

Please accept, Mr. Minister, the assurances of my highest consideration.

Sincerely yours,

PETER G. PETERSON

Peter G. Peterson

Mr. N. S. Patolichev
Minister of Foreign Trade
of the Union of Soviet
Socialist Republics

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 82149 B

Washington, D.C., October 13, 1972

Dear Mr. Secretary:

I have the honor to acknowledge the receipt of your letter of this date which reads as follows:

"Dear Mr. Minister,

"I have the honor to refer to our recent discussions relating to Article 3 and Annex 1 of the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade to be signed today. In accordance with those provisions and discussions, and consistent with current United States laws and regulations concerning exports, it is understood that the United States Government will meet its obligations under paragraph 3(a) of Annex 1 with respect to limitations or conditions established pursuant to a request of the Government of the Union of Soviet Socialist Republics under paragraphs 1 and 2 of Annex 1 by making available to United States exporters information regarding the quantities or conditions stated by the Government of the Union of Soviet Socialist Republics in its request, or as otherwise established following consultations provided for under Annex 1.

"I further understand that the Government of the Union of Soviet Socialist Republics will limit or establish conditions on exports of any product from the Union of Soviet Socialist Republics to the United States if requested to do so in accordance with Annex 1.

The Honorable Peter G. Peterson
Secretary of Commerce
United States Department of Commerce

A-410

A-410

"I would appreciate receiving your confirmation of the foregoing understandings on behalf of the Government of the Union of Soviet Socialist Republics.

"Please accept, Mr. Minister, the assurances of my highest consideration.

Sincerely yours,

PETER G. PETERSON

Peter G. Peterson

Mr. N. S. Patolichev
Minister of Foreign Trade
of the Union of Soviet
Socialist Republics"

I have the further honor to confirm on behalf of my Government the understanding set forth in your letter.

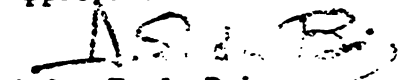
Please accept, Mr. Secretary, the assurances of my highest consideration.

Sincerely yours,

[signed] N. Patolichev

N. PATOLICHEV

Approved:



Arden E. du Bois
Chief, Translating Branch

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

October 18, 1972

Dear Mr. Minister,

I have the honor to confirm, as was stated by my delegation in the course of the negotiations leading to the conclusion today of the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade, that while the Trade Representation of the Union of Soviet Socialist Republics in Washington established pursuant to Article 5 of said Agreement, its officers and staff members may engage in appropriate activities to promote trade generally between the two countries for the purposes of said Agreement, as is customary in international practice, United States legislation in force, i.e., Title 22 of the United States Code, Sections 252-254, makes it inappropriate for the Trade Representation, its officers and staff to participate directly in the negotiation, execution or fulfillment of trade transactions or otherwise carry on trade.

I have the further honor to confirm that at such time as the United States of America shall have become a party to the Vienna Convention on Diplomatic Relations, dated April 18, 1961, and its domestic legislation shall have been revised to accord fully with the terms of Articles 29 through 45 of said Convention, regarding diplomatic privileges and immunities, my Government will be prepared to give favorable consideration to amending the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade by

deleting the second and third sentences of paragraph 3 of Article 5, thus permitting officers and members of the administrative, technical and service staffs of the Commercial Office of the United States of America in Moscow and the Trade Representation of the Union of Soviet Socialist Republics in Washington to participate directly in the negotiation, execution and fulfillment of trade transactions and otherwise carry on trade.

Please accept, Mr. Minister, the assurances of my highest consideration.

Sincerely yours,

PETER G. PETERSON

Peter G. Peterson

Mr. N. S. Patolichev
Minister of Foreign Trade
of the Union of Soviet
Socialist Republics

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 8 2 1 4 9 A

Washington, D.C., October 18, 1972

Dear Mr. Secretary:

I have the honor to acknowledge the receipt of your letter of this date, which reads as follows:

"Dear Mr. Minister,

"I have the honor to confirm, as was stated by my delegation in the course of the negotiations leading to the conclusion today of the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade, that while the Trade Representation of the Union of Soviet Socialist Republics in Washington established pursuant to Article 5 of said Agreement, its officers and staff members may engage in appropriate activities to promote trade generally between the two countries for the purposes of said Agreement, as is customary in international practice, United States legislation in force, i.e., Title 22 of the United States Code, Sections 252-254, makes it inappropriate for the Trade Representation, its officers and staff to participate directly in the negotiation, execution or fulfillment of trade transactions or otherwise carry on trade.

"I have the further honor to confirm that at such time as the United States of America shall have become a party to the Vienna Convention on Diplomatic Relations, dated April 18, 1961, and its domestic legislation shall have been revised to accord fully with the terms of

The Honorable Peter G. Peterson,
Secretary of Commerce.

Articles 29 through 45 of said Convention, regarding diplomatic privileges and immunities, my Government will be prepared to give favorable consideration to amending the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade by deleting the second and third sentences of paragraph 3 of Article 5, thus permitting officers and members of the administrative, technical and service staffs of the Commercial Office of the United States of America in Moscow and the Trade Representation of the Union of Soviet Socialist Republics in Washington to participate directly in the negotiation, execution and fulfillment of trade transactions and otherwise carry on trade.

"Please accept, Mr. Minister, the assurances of my highest consideration.

Sincerely yours,

PETER G. PETERSON

Peter G. Peterson

Mr. N. S. Patolichev,
Minister of Foreign Trade
of the Union of Soviet
Socialist Republics"

I have the further honor to inform you that I have taken cognizance of the above letter.

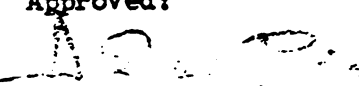
Please accept, Mr. Secretary, the assurances of my highest consideration.

Sincerely yours,

[signed] N. Patolichev

N. PATOLICHEV

Approved:


Arden E. du Bois
Chief, Translating Branch

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

October 18, 1972

Dear Mr. Minister:

This is in response to your request pursuant to Article 6 of the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade for information on policies and procedures applicable to foreign trade organizations and nationals of the Union of Soviet Socialist Republics seeking to establish business facilities in the United States for the conduct of commercial activities, and with respect to assistance that might be given by the Government of the United States of America in that regard to such organizations and persons.

From our many discussions, I am satisfied that both sides accept the principle of expansion of business facilities in each other's country as an adjunct for substantially expanded trade.

Both sides have reasons that may, in some cases, make it necessary not to honor all requests for expanded facilities and new organizations. However, we are both committed to expanding such facilities.

Where there is a clear need established for such added facilities, I will assure you that the Government of the United States will sympathetically consider such requests.

As I have told you, I believe it is important that we select examples of certain kinds of organizations and facilities that are likely to be needed in the future in order to expand trade and commerce substantially.

As one example, we recognize that certain very large projects may require from time to time purchasing organizations in the United States to coordinate such activities

on those projects. We believe the Kama River Purchasing Commission is a good example of our mutual desire to improve trade between our two countries and to provide necessary facilities and organizations to achieve that objective. Thus, I am pleased to tell you the terms set out in the attachment for the Temporary Purchasing Commission for the procurement of equipment for the Kama River Truck Plant are acceptable.

As another example, the Government of the United States of America recognizes the need for the Union of Soviet Socialist Republics to stimulate more exports to the United States, and will cooperate to promote such exports where appropriate. Accordingly, if in the next few months the Soviet Government submits a request that demonstrates a clear need for a particular export facility or organization to stimulate Soviet exports to the United States, we will view such a request sympathetically.

Sincerely yours,

PETER G. PETERSON

Peter G. Peterson

Attachment:

As stated.

Mr. N. S. Patolichev
Minister of Foreign Trade
of the Union of Soviet
Socialist Republics

Attachment

With respect to the request on the part of the Government of the Union of Soviet Socialist Republics for approval of a Temporary Purchasing Commission for the Kama River Truck Complex, the Government of the United States of America understands the following:

1. The Temporary Purchasing Commission would be created with the purpose of:

a) Furnishing assistance for the placement of equipment orders for the construction of the Kama River Truck Complex in the Union of Soviet Socialist Republics.

b) Supervising on behalf of the Soviet Ministry of Foreign Trade preparation and shipment of equipment purchased from United States companies and training of Soviet experts for the Kama River Truck Complex.

c) Assisting United States companies in negotiations and fulfillment of contracts with Soviet foreign trade organizations, and assisting United States experts sent to the Union of Soviet Socialist Republics as technical consultants and coordinators of equipment assembly in connection with the Kama River Truck Complex.

2. The Temporary Purchasing Commission would be established provisionally for a period of one year, and

could be renewed, by mutual agreement, for as many as three additional periods of one year each. The Temporary Purchasing Commission would be responsible to the Soviet Ministry of Foreign Trade and the Trade Representative of the Union of Soviet Socialist Republics in the United States.

• 3. The personnel of the Temporary Purchasing Commission would consist of a Chairman and no more than 15 additional persons, including technical assistants and staff.

4. The location of the Commission would be New York City. The specific location of the premises proposed to be occupied by the Temporary Purchasing Commission would be subject to prior agreement with the Government of the United States.

5. Permission to travel to and within the United States would be governed by existing laws and regulations.

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

October 18, 1972.

Dear Mr. Minister:

I have the honor to acknowledge the receipt of your letter of this date, with attachments, which reads as follows:

"Dear Mr. Secretary:

This is in response to your request for information on the procedures established by the Ministry of Foreign Trade for the accreditation of offices of foreign companies including United States companies, and on the facilities made available to such companies once accreditation has been approved.

United States companies will receive treatment no less favorable than that accorded to business entities of any third country in all matters relating to accreditation and business facilitation. Applications by United States firms for accreditation will be handled expeditiously. Any problems arising out of these applications that cannot readily be resolved through the regular procedures shall be resolved through consultation under the Joint US-USSR Commercial Commission at the request of either side.

As you have been advised, the USSR Chamber of Commerce and Industry and the State Committee of the Council of Ministers of the USSR for Science and Technology are establishing a large trade and economic exposition center which will include display pavilions of the various participating countries. The United States has been invited to have such a pavilion. Further, to meet the growing interest of foreign firms in establishing a permanent residence in Moscow, we have decided to construct a large trade center containing offices,

hotel and apartment facilities and are asking United States companies to make proposals for and cooperate in the development and building of the trade center. The trade center will be used for, among other things, housing and office facilities for accredited United States companies.

Prior to the availability of these facilities, however, office facilities of an appropriate size in buildings accessible to trade sources will be made available as soon as possible once a United States company is accredited. The facilities to which such firms shall be entitled are explained in the attached information.

It is recognized that from time to time United States businessmen may have problems regarding such facilities which they are unable to resolve through discussions with various foreign trade organizations or other organizations. In such cases officials of my Ministry, as well as those of the State Committee of the Council of Ministers of the USSR for Science and Technology, shall be available through their respective protocol sections for assistance in resolving these problems.

Please accept, Mr. Secretary, the assurances of my highest consideration.

Sincerely yours,

N. Patolichev

Mr. Peter G. Peterson
Secretary of Commerce
of the United States of America"

I have the further honor to inform you that I have taken cognizance of the contents of the above letter and its attachments.

Please accept, Mr. Minister, the assurances of my highest consideration.

Sincerely yours,

PETER G. PETERSON

Peter G. Peterson

Mr. N. S. Patolichev
Minister of Foreign Trade
of the Union of Soviet
Socialist Republics

SUMMARY OF BUSINESS FACILITIES
FOR FOREIGN COMPANIES

An accredited company will be authorized to employ at its office not more than five American or other non-Soviet personnel, as well as Soviet personnel if desired. If requested, such communications facilities as telephones, extensions, telex equipment will be made available promptly. The name, location and function of an accredited office will be listed in the latest issue of suitable business directories if such are published. Subject to the requirement that such equipment be exported when no longer needed by its office and subject to applicable customs regulations, accredited offices will be permitted to import, as promptly as desired, typewriters, calculators, dictation and copying equipment, one stationwagon-type automobile, as well as other equipment for the purpose of efficient and business-like operation of the office.

Subject to applicable customs regulations, each non-Soviet employee will be permitted to import a passenger car, household utilities, appliances, furniture and other necessary living items at any time within a year after the arrival of the employee in Moscow. In addition, suitable housing for such employee and family will be made available as soon as possible.

Normally, such employees and members of their families will have visas prepared for exit from and entry into the

Soviet Union within three to five days. In the case of a business or personal emergency, however, a special effort is made to issue visas more promptly, and, in the case of demonstrated need, the question of granting a multiple entry and exit visa shall be examined very carefully.

INSTRUCTIONS

on the procedure for the issuance of permits for the opening of offices of foreign firms in the USSR and for the regulation of their activity

1. Permits for the opening of offices of foreign firms in the USSR, referred to hereinafter as "Office(s)", may, in accordance with legislation in force in the USSR, be issued to foreign firms that are known on the world market and that have affirmatively presented themselves in the capacity of trade partners of Soviet foreign trade organizations with whom they have concluded especially large commercial transactions. In this connection it will also be considered that the Offices will effectively assist Soviet foreign trade organizations in the development of Soviet exports, including machinery and equipment, and also in the import of machinery and equipment that is technologically modern, and in familiarization with the newest achievements of world technology.

2. A foreign firm interested in opening an Office shall submit to the Protocol Section of the Ministry of Foreign Trade, referred to hereinafter as the "Protocol Section", an application containing the following information:

- a) the name of the firm, the date of its formation, and the place of its residence;
- b) the subject matter of its activity, the organs of its administration, and the persons representing the firm according to its charter (the articles of incorporation or the articles of agreement of the firm);

- c) the date and place of ratification or registration of the charter (the articles of incorporation or the articles of agreement of the firm) on the basis of which the firm operates;
- d) the charter capital of the firm;
- e) with which Soviet foreign trade organization the firm has concluded a transaction for the performance of which the firm requests a permit for the opening of an Office, the subject matter and amount of the transaction, and the period of operation of the transaction;
- f) with which other Soviet foreign trade organizations the firm has commercial relations.

The information enumerated in subparagraphs "a", "b", "c", and "d" must be confirmed by documents (by-laws, charter, articles of incorporation or articles of agreement, an extract from a trade register, etc) attached to the application in the form of notarized copies certified in accordance with established procedure by consular offices of the USSR abroad.

NOTE: Besides the indicated information and documents, a firm shall submit, upon inquiry by the Ministry of Foreign Trade, also other information and documents concerning the firm's activities.

3. The representative of a foreign firm presenting in its name a petition for the opening of an Office in the USSR shall give to the Protocol Section a properly prepared power of attorney.

4. In the permit for opening an Office, issued by the Protocol Section in the accompanying form, there shall be indicated:

- a) the objective of opening the Office;
- b) the conditions under which the firm is permitted to have the Office;
- c) the period for which the permit is issued;
- d) the number of personnel at the Office who are foreign citizens and employees of the firm.

5. On questions of the purchase and sale of goods the Office may communicate with Soviet organizations that do not have the right to operate in foreign trade only through the Ministry of Foreign Trade and shall conduct its activities in observance of the laws, decisions of the Government, instructions, and rules in force in the USSR.

6. Every quarter the Office shall send to the Protocol Section written information on the Office's activities, its commercial contacts with Soviet organizations, its export and import transactions concluded, and the course of their performance.

7. The person who is authorized to be the head of the Office shall give to the Protocol Section a properly prepared power of attorney from the firm, and shall inform the Protocol Section in a timely fashion of his replacement and also of the dates of arrival in the USSR and of departure from the USSR of personnel of the Office.

8. An Office opened in accordance with the procedure established by the present Instructions shall apply, on

questions of the furnishing to it of day-to-day services, to the Administration for Services to the Diplomatic Corps of the Ministry of Foreign Affairs of the USSR.

9. The activity of an Office shall terminate:

- a) upon expiration of the period for which its permit was issued;
- b) in the event of termination of the activity abroad of the firm having the Office in the USSR;
- c) upon decision of the Ministry of Foreign Trade in the event of violation by the Office of the conditions under which the firm was permitted to open the Office in the USSR, or in the event of a declaration that the Office's activity does not correspond to the interest of the USSR.

ATTACHMENT

With respect to the request on the part of the Government of the Union of Soviet Socialist Republics for approval of a Temporary Purchasing Commission for the Kama River Truck Complex, the Government of the United States of America understands the following:

1. The Temporary Purchasing Commission would be created with the purpose of:

a) Furnishing assistance for the placement of equipment orders for the construction of the Kama River Truck Complex in the Union of Soviet Socialist Republics.

b) Supervising on behalf of the Soviet Ministry of Foreign Trade preparation and shipment of equipment purchased from United States companies and training of Soviet experts for the Kama River Truck Complex.

c) Assisting United States companies in negotiations and fulfillment of contracts with Soviet foreign trade organizations, and assisting United States experts sent to the Union of Soviet Socialist Republics as technical consultants and coordinators of equipment assembly in connection with the Kama River Truck Complex.

2. The Temporary Purchasing Commission would be established provisionally for a period of one year, and could be renewed, by mutual agreement, for as many as three additional periods of one year each. The Temporary Purchasing Commission would be responsible to the Soviet Ministry of Foreign Trade and the Trade Representative of the Union of Soviet Socialist Republics in the United States.

3. The personnel of the Temporary Purchasing Commission would consist of a Chairman and no more than 15 additional persons, including technical assistants and staff.

4. The location of the Commission would be New York City. The specific location of the premises proposed to be occupied by the Temporal Purchasing Commission would be subject to prior agreement with the Government of the United States.

5. Permission to travel to and within the United States would be governed by existing laws and regulations.

ATTACHMENT

With respect to the request on the part of the Government of the Union of Soviet Socialist Republics for approval of a Temporary Purchasing Commission for the Kama River Truck Complex, the Government of the United States of America understands the following:

1. The Temporary Purchasing Commission would be created with the purpose of:

a) Furnishing assistance for the placement of equipment orders for the construction of the Kama River Truck Complex in the Union of Soviet Socialist Republics.

b) Supervising on behalf of the Soviet Ministry of Foreign Trade preparation and shipment of equipment purchased from United States companies and training of Soviet experts for the Kama River Truck Complex.

c) Assisting United States companies in negotiations and fulfillment of contracts with Soviet foreign trade organizations, and assisting United States experts sent to the Union of Soviet Socialist Republics as technical consultants and coordinators of equipment assembly in connection with the Kama River Truck Complex.

2. The Temporary Purchasing Commission would be established provisionally for a period of one year, and could be renewed, by mutual agreement, for as many as three additional periods of one year each. The Temporary Purchasing Commission would be responsible to the Soviet Ministry of Foreign Trade and the Trade Representative of the Union of Soviet Socialist Republics in the United States.

3. The personnel of the Temporary Purchasing Commission would consist of a Chairman and no more than 15 additional persons, including technical assistants and staff.

4. The location of the Commission would be New York City. The specific location of the premises proposed to be occupied by the Tempora Purchasing Commission would be subject to prior agreement with the Government of the United States.

5. Permission to travel to and within the United States would be governed by existing laws and regulations.

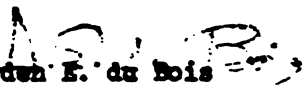
I have the further honor to inform you that I have taken cognizance
of the above letter and attachment.

Sincerely yours,

[signed] N. Patolichev

N. PATOLICHEV

Approved:


Arden E. du Bois
Chief, Translating Branch

might be given by the Government of the United States of America in that regard to such organizations and persons.

From our many discussions, I am satisfied that both sides accept the principle of expansion of business facilities in each other's country as an adjunct for substantially expanded trade.

Both sides have reasons that may, in some cases, make it necessary not to honor all requests for expanded facilities and new organizations. However, we are both committed to expanding such facilities.

Where there is a clear need established for such added facilities, I will assure you that the Government of the United States will sympathetically consider such requests.

As I have told you, I believe it is important that we select examples of certain kinds of organizations and facilities that are likely to be needed in the future in order to expand trade and commerce substantially.

As one example, we recognize that certain very large projects may require from time to time purchasing organizations in the United States to coordinate such activities on those projects. We believe the Kama River Purchasing Commission is a good example of an actual desire to improve trade between two countries and to provide necessary facilities and organizations to achieve that objective. Thus, I am pleased to tell you the terms set out in the attachment for the Temporary Purchasing Commission for the procurement of equipment for the Kama River Truck Plant are acceptable.

As another example, the Government of the United States of America recognizes the need for the Union of Soviet Socialist Republics to stimulate more exports to the United States, and will cooperate to promote such exports where appropriate. Accordingly, in the next few months the Soviet Government submits a request that demonstrates a clear need for a particular export facility or organization to stimulate Soviet exports to the United States, we will view such a request sympathetically.

Sincerely yours,

PETER G. PETERSON.

(D) EXCHANGE OF LETTERS REGARDING ACCREDITATION OF OFFICES OF FOREIGN COMPANIES
THE SECRETARY OF COMMERCE,

Washington, D.C., October 18, 1972.

N. PATOLICHKOV,
Minister of Foreign Trade of the Union of Soviet Socialist Republics.

Dear Mr. Minister: I have the honor to acknowledge the receipt of your letter of this date, with attachments, which reads as follows:

"Mr. Peter G. Peterson,
Secretary of Commerce of the United States of America.

"Dear Mr. Secretary: This is in response to your request for information on the procedures established by the Ministry of Foreign Trade for the accreditation of offices of foreign companies including United States companies, and on the facilities made available to such companies once accreditation has been approved.

"United States companies will receive treatment no less favorable than that accorded to business entities of any third country in all matters relating to accreditation and business facilitation. Applications by United States firms for accreditation will be handled expeditiously. Any problems arising out of these applications that cannot readily be resolved through the regular procedures shall be resolved through consultation under the Joint US-USSR Commercial Commission at the request of either side.

"As you have been advised, the USSR Chamber of Commerce and Industry and the State Committee of the Council of Ministers of the USSR for Science and Technology are establishing a large trade and economic ex-

position center which will include display pavilions of the various participating countries. The United States has been invited to have such a pavilion. Further, to meet the growing interest of foreign firms in establishing a permanent residence in Moscow, we have decided to construct a large trade center containing offices, hotel and apartment facilities and are asking United States companies to make proposals for and cooperate in the development and building of the trade center. The trade center will be used for, among other things, housing and office facilities for accredited United States companies.

"Prior to the availability of these facilities, however, office facilities of an appropriate size in buildings accessible to trade sources will be made available as soon as possible once a United States company is accredited. The facilities to which such firms shall be entitled are explained in the attached information.

"It is recognized that from time to time United States businessmen may have problems regarding such facilities which they are unable to resolve through discussions with various foreign trade organizations or other organizations. In such cases officials of my Ministry, as well as those of the State Committee of the Council of Ministers of the USSR for Science and Technology, shall be available through their respective protocol sections for assistance in resolving these problems.

"Please accept, Mr. Secretary, the assurances of my highest consideration.

Sincerely yours,

N. PATOLICHKOV.

I have the further honor to inform you that I have taken cognizance of the contents of the above letter and its attachments.

Please accept, Mr. Minister, the assurances of my highest consideration.

Sincerely yours,

PETER G. PETERSON.

(E) AGREEMENT OF FINANCING PROCEDURES AND RELATED EXCHANGE OF LETTERS WITH ATTACHMENT

AGREEMENT ON FINANCING PROCEDURES

This Agreement is made and entered into this 18 day of October, 1972, by and between the Government of the United States of America, acting through the Export-Import Bank of the United States (Eximbank), an Agency of the United States Government, in conformity with its statutory authority and in conformity with the Presidential Determination made by the President of the United States on October 18, 1972, and the Government of the Union of the Soviet Socialist Republics, acting through the Ministry of Foreign Trade of the U.S.S.R. pursuant to the authority of the Government of the Union of the Soviet Socialist Republics.

Witnesseth:

Whereas, it is the desire of the Government of the U.S.S.R. to finance through Eximbank the purchase of goods and services of U.S. manufacture or origin which are being sold to entities in the U.S.S.R. and it is further the desire of the Parties hereto to establish certain procedures which will simplify and expedite such financing, and

Whereas, an agreement on procedures for requesting the issuance of Preliminary Commitments and Final Commitments with respect to credits and guarantees from Eximbank will assure the orderly and expeditious arrangement of such financing, and

Whereas, such agreement will facilitate exports and imports and the exchange of commodities between the United States of America and the Union of the Soviet Socialist Republics;

Now, therefore, the Parties hereto, in consideration of the premises, procedures, undertakings and commitments hereinafter set forth, agree as follows:

1. The Government of the U.S.S.R. hereby certifies that the Bank for Foreign Trade of the Union of the Soviet Socialist Republics (Vneshtorgbank) of the U.S.S.R. is authorized to receive credits from Eximbank in Dollars and to repay those credits in Dollars in the United States in accordance with the repayment schedules to be set forth in the respective credit agreements.

2. Vneshtorgbank of the U.S.S.R. will submit to Eximbank applications for Preliminary Commitments for financing from Eximbank to support purchases by entities in the U.S.S.R. of goods and services of U.S. manufacture or origin. The submission of any application for a Preliminary Commitment by Vneshtorgbank of the U.S.S.R. will constitute assurance to Eximbank that Vneshtorgbank of the U.S.S.R. has obtained all necessary approvals from the properly authorized bodies of the U.S.S.R.

3. It is expected that Vneshtorgbank of the U.S.S.R. will submit applications for Preliminary Commitments to Eximbank prior to the time that purchase contracts with U.S. suppliers are concluded.

4. Upon receipt of an application from Vneshtorgbank of the U.S.S.R. for itself or on behalf of other authorized bodies of the U.S.S.R. for a Preliminary Commitment, Eximbank will examine the information submitted in that application as it relates to the proposed transaction under the criteria then applicable to similar transactions involving buyers of U.S. goods and services wherever Eximbank financial support is available. This means that interest rates, maturities, grace periods and other conditions will not be less favorable than those usually extended to other purchasers in similar transactions. Upon determination of Eximbank's Board of Directors that financing through a combination of Eximbank's direct lending and financial guarantee facilities is appropriate, a Preliminary Commitment, describing the amount and kinds of financing support, its payment terms and general conditions under which Eximbank financing would be available, will be issued or transmitted to Vneshtorgbank of the U.S.S.R. There is no cost of obligation to Vneshtorgbank of the U.S.S.R. for this Preliminary Commitment.

5. Eximbank will not issue Preliminary Commitments directly to U.S. suppliers but will refer their inquiries to Vneshtorgbank of the U.S.S.R. in the event a Preliminary Commitment has not previously been issued by Eximbank with respect to a proposed transaction. However, Eximbank reserves the right to deliver, upon request to U.S. suppliers, copies of Preliminary Commitments which have been issued to Vneshtorgbank of the U.S.S.R.

6. It is understood that upon receipt of Eximbank's Preliminary Commitment, Vneshtorgbank of the U.S.S.R. shall inform appropriate entities of the U.S.S.R., which then will undertake to conclude purchase contracts with U.S. suppliers of goods and services for the purchase desired.

7. At any time during the period of effectiveness of the Preliminary Commitment, Vneshtorgbank of the U.S.S.R. may apply to Eximbank for final approval and formalization of the financing upon the terms, conditions and amounts set forth in the Preliminary Commitment.

8. In any application for financing, whether for a Preliminary Commitment or a Final Commitment, Vneshtorgbank of the U.S.S.R. shall submit to Eximbank, among other matters, the necessary information as specified in the Exhibit attached hereto and incorporated herein by reference.

9. The Government of the U.S.S.R. will unconditionally guarantee in a separate document that repayment will be made of any loans extended or guaranteed by Eximbank pursuant to its final approval of such financing. This guarantee will be a condition precedent to Eximbank's financial support. The

Parties hereto may enter into a continuing guarantee agreement covering all financing commitments issued to Vneshtorgbank of the USSR or other authorized bodies of the U.S.S.R. by Ekimbank during a specified period of time. Any guarantee agreements entered into between Ekimbank and the Government of the U.S.S.R. shall be in the English language.

10. In accordance with usual Ekimbank procedures, credit agreements entered into between Ekimbank and Vneshtorgbank of the USSR or other authorized bodies of the U.S.S.R. or another U.S. bank and Vneshtorgbank of the USSR or other authorized bodies of the U.S.S.R. which are guaranteed by Ekimbank shall be in the English language and shall be subject to the laws of a State or the District of Columbia of the United States of America.

11. Whenever possible, Parties to this agreement will send communications through telex; Ekimbank's telex number is 80-461 and Vneshtorgbank of the USSR's telex number is 551.

This agreement is executed in duplicate in two counterparts in the English and Russian languages, each language being equally authentic.

Duly executed in Washington, District of Columbia, United States of America, this 18th day of October, 1972.

For the Government of the United States of America:

HENRY KEARNS,

President and Chairman of the Board,
Export-Import Bank of the United States.

For the Government of the Union of the Soviet Socialist Republics:

VLADIMIR S. ALKHEIMOV,

Vice Minister for Foreign Trade of the Union of Soviet Socialist Republics.

EXHIBIT TO AGREEMENT ON FINANCING OF OCTOBER 18, 1972

1. Name and address of sponsor or ultimate beneficiary of the Ekimbank financing and a description of the sponsor's functions and areas of responsibility in the context of the Soviet Union's industrial programs, including a brief history of the sponsor.

2. A description of the project, including a statement of the kinds and quantities of products to be produced, the facilities required to achieve that production, and the likely markets for the production (domestic and/or export, and, if for export, the countries likely to be served).

3. Financing required for total project or purchase, including U.S. dollars and other currency components.

a. A statement of the financing requested from Ekimbank, including cash payment proposed; total amount of financing required, and proposed terms of repayment.

b. A statement of the arrangements made or proposed to finance requirements not covered by Ekimbank financing.

4. A list of proposed purchases of U.S. goods and services to be supported by Ekimbank financing and, if known, the U.S. suppliers of those purchases.

5. A proposed time schedule for the project such as planning, award of contracts, designing, construction, delivery of equipment, and start-up.

6. An indication of the date when final approval of financing arrangements will be required to meet the time schedule in the above Item 5.

PRINCIPAL CONDITIONS OF CREDITS FOR FINANCING SOVIET EXPORTS

Credits are extended by the Bank for Foreign Trade of the Union of Soviet Socialist Republics (Vneshtorgbank of the U.S.S.R.) and by the Soviet foreign trade organiza-

tions. In general, credits with maturities of up to five years are extended by the Soviet foreign trade organizations while credits for longer maturities are extended by the Bank for Foreign Trade of the U.S.S.R.

The general procedures and conditions which govern the provision of such deferred credits include the following:

1. FORM OF SALES CONTRACTS

There is no single standard form for contracts for the sale of Soviet goods on deferred payment conditions. Repayment provisions in the contracts of Soviet foreign trade organizations for the sale of goods on conditions of deferred payment are analogous to those which are widely used in international practice.

2. CREDIT TERMS AND CONDITIONS

Credit terms and conditions conform with those in general use in international commerce and for U.S. purchases will be no less favorable than the financing available from Government and commercial sources in the U.S. for comparable export transactions notwithstanding the statements of current terms and conditions set forth below in this section 2.

Interest rates, the amount of cash payment, the schedule of payments, and other relevant credit terms and conditions are decided between the Bank for Foreign Trade of the U.S.S.R. or the Soviet foreign trade organizations, as the case may be, and the purchaser or commercial bank, as the case may be, during the course of negotiations, taking into account usual international practices in the trade of the given product. The agreed-upon terms are included in the contract of sale. Except for cases in which credits are extended directly to the purchaser, the purchaser makes arrangements with a commercial bank which will provide financing under a credit line extended to such bank by the Bank for Foreign Trade of the U.S.S.R.

Maturities—The period for repayment of credits extended by the Bank for Foreign Trade of the U.S.S.R. is currently 8-10 years after delivery of completed equipment, with repayment commencing 6 months after the last shipment of equipment. Soviet foreign trade organizations currently extend credits with repayment terms of up to five years.

Interest Rates—The interest rate on individual credits is fixed by agreement of the contracting parties.

Schedule of Payments—Repayment of principal and payment of interest generally commence six months after final delivery of complete machinery and equipment and are made by approximately equal semi-annual payments of principal with interest payable on outstanding principal.

Cash Payment—In accordance with international practice, cash payments currently cover from ten to twenty percent of the amount of the contract, depending upon the type of goods being sold. Cash payments are made at appropriate intervals in accordance with a negotiated sales contract. For example, five percent may be paid 30 days after signing; ten percent upon delivery of goods against shipping documents; and five percent after completion of deliveries, testing, and satisfactory start-up or performance.

Currency of Payment—The currency of payment for cash payments, principal and interest will be any freely convertible currency, including U.S. dollars.

Form of Payment and Guarantees—Soviet foreign trade organizations generally require a Letter of Credit form of payment for amounts to be paid in cash. Deferred payments are generally to be made by drafts guaranteed by first-party commercial banks.

Submission of Financial Information—For the purpose of insuring timely repayment of deferred credits, the Soviet foreign trade

organizations generally require a guarantee of buyer repayments by a first-class commercial bank.

3. Form of Promissory Notes and Related Documents

As regards credit instruments, forms, or documents, the Soviet foreign trade organizations rely on existing international practices and do not require nor impose any special or mandatory forms, instructions or guidelines for foreign importers wishing to purchase Soviet goods on deferred payment terms.

4. Insurance and Shipping Requirements

There are no special conditions of shipment and insurance on deferred credit sales. However, deferred payments generally do not cover the value of shipping and insurance. Deferred credits are granted, as a general rule, on the basis of the value of the goods F.O.B. U.S. purchasers will, however, be extended no less favorable treatment than the financing available from Government and commercial sources in the U.S. for comparable export transactions.

5. Compliance with Government Regulations

The contracts of Soviet foreign trade organizations generally stipulate that the contracting parties must have received all necessary licenses and permits prior to the loading of the goods. It may be stipulated that, among other shipping documents, exporters will provide copies of duly validated export licenses and permits, if required. If evidence of compliance with U.S. regulations by U.S. purchaser is required, certification of such compliance by the purchaser would be satisfactory.

6. Credit and Related Definitions

The Soviet Union subscribes to the IOU "Uniform Customs and Practices for Documentary Credits," and is listed in the roster of subscribing countries. The U.S.S.R. has not joined "Incoterms." However, transportation and shipping terms used by the Soviet foreign trade organizations in general conform to those in general use in international commerce and may be described in detail in sales contracts if considered appropriate by the buyer or seller.

JANUARY 21, 1974.

HON. HENRY A. KISSINGER,
Secretary of State,
Washington, D.C.

DEAR Mr. SECRETARY: The Committee on Foreign Relations, pursuant to PL 92-468 approved August 22, 1972, has received from the State Department, under cover of a letter dated November 28, 1973, copies of various international agreements between the United States and the Soviet Union, other than treaties, which were transmitted only after a specific oral request was made for them by the staff of the Committee on Foreign Relations.

The transmittal letter accompanying these agreements states that the overall agreement is "not yet in force," but, since parts of the agreement "are now being applied," it is transmitted in accordance with PL 92-468.

Under attachment (e)—Agreement on financing procedures and related exchange of letters with attachment—credits and payments of credit have been extended to the U.S.S.R.

I would appreciate learning from you at your earliest convenience the full details of transactions between our two countries which have been concluded as of this date. We have a particular interest in learning the number and terms of credits which may have been advanced by the Export-Import Bank of the United States under agreement 1(e).

Inasmuch as attachment (e) and other sections of the Trade Agreements are,

effect, self-executing, why were they not submitted to Congress pursuant to PL 92-462?

I agree fully with Deputy Secretary Bush's letter of September 8, 1973, where he states:

"I would also note that neither the form in which an agreement is expressed nor the fact which an agreement is of a subordinate or implementing character in itself removes the agreement from the requirements of the Case Act or of the law regarding the publication of international agreements (1 U.S.C. 112a)."

I am concerned that this rule was not followed in this instance and I would appreciate receiving a full explanation of the circumstances surrounding the failure to transmit these agreements to Congress.

Sincerely yours,

J. W. PULANANT.

PUBLIC LAW 92-462 92nd CONGRESS, 2d. SSS
An act to require that international agreements other than treaties, hereafter entered into by the United States, be transmitted to the Congress within sixty days after the execution thereof

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 1, United States Code, is amended by inserting after section 112a the following new section: "§ 112b. United States international agreements; transmission to Congress

"The Secretary of State shall transmit to the Congress the text of any international agreement, other than a treaty, to which the United States is a party as soon as practicable after such agreement has entered into force with respect to the United States but in no

event later than sixty days thereafter, except that any such agreement the text of which would, in the opinion of the President, be prejudicial to the national security of the United States shall not be so transmitted to the Congress. The text shall be transmitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives under an appropriate provision of secrecy to be removed only upon the notice from the President."

Sec. 2. The analysis of chapter 2 of title 1, United States Code, is amended by inserting immediately between items 112a and 112b the following:

"112b. United States international agreement; transmission to Congress."

Approved August 22, 1972.

EXPORT—IMPORT BANK OF THE UNITED STATES

Buyer	Item	U.S. value	Value loan (thousands)	Approved
Approved credit—U.S.S.R.:				
Submarine import	Submersible electric pumps	255,000	251,500	Feb. 22, 1973
Submarine import, Lachninsk import	Plant to produce lubricants and distillates	6,000	5,162	Mar. 2, 1973
Submarine import, Metakurg import, Stankin import	Kama River truck plant	127,125	81,452	Mar. 2, 1973
Submarine import	250 capacity balling machines	2,522	2,522	Sept. 4, 1973
Submarine import	Special laboratory plant	21,000	2,000	Nov. 22, 1973
Submarine import	2 assembly lines for manufacturing plates	24,322	2,432	Nov. 22, 1973
Submarine import	28 gas separation compressors	24,252	2,425	Nov. 22, 1973
Submarine import	Iron ore pellet plant	24,000	2,400	Nov. 22, 1973
Submarine import	Rolling friction drums	6,000	2,700	Nov. 22, 1973
Submarine import	Transfer line for manufacturing plates	2,700	2,700	Nov. 22, 1973
Total		364,705	252,567	
Pending credit applications:				
Lachninsk import/Panymydel import	Chemical complex	492,000	392,000	
Arvinsk import/Metakurg import/Stankin import	Additional equipment for Kama River truck project	100,000	67,500	
Total		592,000	459,500	

Number	Buyer	Applicant	Project	U.S. dollar contract	Loan	Commodity	Expiry
U.S.S.R.—Outstanding preliminary commitments:							
2577	State import	Washington	Automotive component manufacturing process	\$41,000	\$32,700		Mar. 31, 1974
2582	Submarine import	do	Acetic acid plant	40,000	20,000		do
2584	Truck import	do	Canal building machinery	5,000	2,500		Feb. 21, 1974
2587	Submarine import	do	Valve making machinery	4,700	2,350		do
2592	U.S.S.R. Chamber of Commerce and Industry Moscow City Council	do	International Trade Center	28,000	28,000		do
Total				117,700	75,550		

Buyer	Applicant	Project	U.S. dollar contract	Loan	
U.S.S.R.—Pending preliminary commitment applications:					
2587	Ministry of Geology	Washington	Volant exploration phase	\$12,000	\$6,000
2594	Machine import	do	Oil pipeline pressure regulator	10,000	7,000
Total			22,000	13,000	

IMPACT OF FUEL CRISIS ON EDUCATION

Mr. JAVITS. Mr. President, in response to my request, New York State Commissioner of Education Ewald B. Nyquist has submitted to me a report on the impact of the fuel crisis on the State's schools and New York's effort in this crisis.

Commissioner Nyquist points out that fuel conservation measures, necessitated by shortages, have resulted in reducing extracurricular and community activities in the schools.

With respect to sharply rising fuel costs, the commissioner has observed that even with fuel conservation measures resulting in 15- to 30-percent savings in consumption, school districts are

finding their fuel budgets completely inadequate to meet their needs. He concluded that—

Deficit financing which must occur because of fuel oil increases as well as the cost increases in other commodities and services will be reflected in large tax rate increases for new school budgets this year.

Illustrative of these sharply increased fuel costs are the situations in New York City and Buffalo. New York City's current year's school budget figure for fuel oil is \$9.5 million. Due to price rises it is now estimated that the appropriation for 1974-75 will have to rise to almost twice that amount, \$18 million, even in the face of cutbacks in consumption.

In Buffalo, where the weather is colder and the heating season longer, and

thus the impact is greater, the price of No. 2 fuel oil has risen 74 percent from 18.7 to 32.6 cents. The cost of No. 6 fuel oil has risen even more precipitously from 12.15 cents at the start of the school year to a current price of 32.2 cents, an increase of 148 percent to date. It is estimated, for example, that the current year's budget figure of \$224,800 for just this grade of fuel oil will rise to \$776,000 in the coming year, an increase of more than a half million dollars that could well be spent for direct educational needs such as textbooks and the hiring of teachers.

A survey of 25 typical school districts throughout all parts of New York State indicates an estimated 89.6-percent rise in fuel oil budgets for the coming year

UNION OF SOVIET SOCIALIST REPUBLICS

Commercial Facilities

*Protocol signed at Moscow October 3, 1973;
Entered into force October 3, 1973.*

TIAS 7738

(2222)

PROTOCOL

Recalling the undertaking of the United States of America and the Union of Soviet Socialist Republics in the Agreement Regarding Trade signed on October 18, 1972,^[1] to cooperate in the expansion and improvement of their commercial facilities in Moscow and Washington, and their undertaking in the Protocol signed on June 22, 1973,^[2] to open a Trade Representation of the U.S.S.R. in Washington and a Commercial Office of the U.S.A. in Moscow as soon as possible,

Both Governments welcome the inauguration on October 3, 1973 of a Trade Representation of the U.S.S.R. in Washington and a Commercial Office of the U.S.A. in Moscow and agree that the number of authorized personnel of each of these offices, including the principal officer and his deputies, shall be 25 at the present time. This number may be changed by mutual agreement.

Done at Moscow this 3rd day of October, 1973, in two copies, in English and Russian, both texts being equally authentic.

For the Government of the
United States of America:



George P. Shultz
Secretary of the Treasury

[SEAL]

For the Government of the
Union of Soviet Socialist
Republics:



N. S. Patolichev
Minister of Foreign Trade

[SEAL]

¹ Department of State Bulletin, Nov. 20, 1972, p. 595.

² TIAS 7657; ante, p. 1501.

TIAS 7738

UNION OF SOVIET SOCIALIST REPUBLICS

Commercial Facilities

*Protocol signed at Washington June 22, 1973;
Entered into force June 22, 1973.*

(1501)

TIAS 7657

A-439

PROTOCOL

In the interests of strengthening their commercial and economic ties, the Government of the USA and the Government of the USSR undertook in the Agreement between the Government of the USA and the Government of the USSR Regarding Trade signed in October 1972, [1] to cooperate in the expansion and improvement of their commercial facilities in Moscow and Washington.

In accordance with that undertaking representatives of the Soviet Government and the US Embassy in Moscow have this week contracted for new facilities at a convenient location which will enable the Office of the Commercial Counselor of the USA to provide more effective services to US businessmen seeking assistance in their commercial pursuits with appropriate USSR organizations.

The US Government facilitated the acquisition by the USSR earlier this year of a building at a convenient location in Washington for use as the Office of the Commercial Counselor of the USSR.

The Government of the USSR has also informed the Government of the USA that, in connection with the Agreement Regarding Trade, it has issued accreditation to establish representations in Moscow to the following US business and financial organizations:

Pullman Incorporated
Occidental Petroleum Corporation
The Chase Manhattan Bank, N. A.
General Electric Company
International Harvester Company
Caterpillar Tractor Company

¹ Signed Oct. 18, 1972. *Department of State Bulletin*, Nov. 20, 1972, p. 595.

Hewlett-Packard Company

Engelhard Minerals & Chemicals Corporation

Bank of America

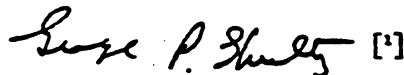
First National City Bank

Requests by additional US firms for accreditation in Moscow are now under consideration by Soviet authorities.

Consistent with Article 5 of the Agreement Regarding Trade, the Government of the USA and the Government of the USSR have also agreed today to undertake immediate preparations for mutually satisfactory arrangements to enlarge their commercial staffs in each other's country. A Trade Representation of the USSR in Washington and a Commercial Office of the USA in Moscow will simultaneously be opened as soon as possible and in any event not later than October 31st of this year.

DONE at Washington, this 22nd day of June, 1973, in duplicate, in the English and Russian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



George P. Shultz
Secretary of the Treasury

FOR THE GOVERNMENT OF THE UNION
OF SOVIET SOCIALIST REPUBLICS:



Nikolai S. Patolichev
Minister of Foreign Trade

¹ George P. Schultz

² N. S. Patolichev

TIAS 7657

UNION OF SOVIET SOCIALIST REPUBLICS

US-USSR Chamber of Commerce

***Protocol signed at Washington June 22, 1973;
Entered into force June 22, 1973.***

TIAS 7656

(1498)

A-442

PROTOCOL

Considering the interest expressed by United States companies and Soviet foreign trade organizations in the development of organizational arrangements for increased cooperation, and

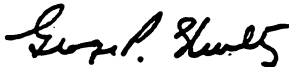
Recognizing that such increased cooperation would contribute to the promotion of contacts between businessmen of the USA and the USSR, which in turn would assist in the development of mutually beneficial trade between the two countries,

The Secretary of Commerce of the USA will meet at an early date with members of the United States business and financial community to discuss the desirability of establishing in the United States private sector a US-USSR Chamber of Commerce. The Minister of Foreign Trade of the USSR will continue similar consultations with Soviet foreign trade and other organizations.

The results of these consultations shall be reported promptly to the Joint US-USSR Commercial Commission.

DONE at Washington, this 22nd day of June, 1973, in duplicate, in the English and Russian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



George P. Shultz
Secretary of the Treasury

FOR THE GOVERNMENT OF THE
UNION OF SOVIET SOCIALIST REPUBLICS:



Nikolai S. Patolichev
Minister of Foreign Trade

TIAS 7656

UNION OF SOVIET SOCIALIST REPUBLICS
Economic, Industrial, and Technical Cooperation

Agreement signed at Moscow June 29, 1974;
Entered into force June 29, 1974.

TIAS 7910

(1782)

LONG TERM AGREEMENT
BETWEEN
THE UNITED STATES OF AMERICA AND
THE UNION OF SOVIET SOCIALIST REPUBLICS
TO FACILITATE ECONOMIC, INDUSTRIAL, AND TECHNICAL COOPERATION

The United States of America and the Union of Soviet Socialist Republics,

Desiring to promote continuing orderly expansion of economic, industrial, and technical cooperation and the exchange of relevant information to facilitate such cooperation between the two countries and their competent organizations, enterprises, and firms on a long term and mutually beneficial basis,

Guided by the Basic Principles of Relations between the United States of America and the Union of Soviet Socialist Republics of May 29, 1972,^[1] the Joint American-Soviet Communique of June 24, 1973,^[2] and the principles set forth in the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade dated October 18, 1972,^[3]

Have agreed as follows:

¹ *Department of State Bulletin*, June 26, 1972, p. 898.

² *Department of State Bulletin*, July 23, 1973, p. 130.

³ *Department of State Bulletin*, Nov. 20, 1972, p. 595.

ARTICLE I

The Parties shall use their good offices to facilitate economic, industrial, and technical cooperation in keeping with established practices and applicable laws and regulations in the respective countries.

ARTICLE II

Cooperation which shall be facilitated as contemplated in Article I shall include:

- a. purchases and sales of machinery and equipment for the construction of new enterprises and for the expansion and modernization of existing enterprises in the fields of raw materials, agriculture, machinery and equipment, finished products, consumer goods, and services;
- b. purchases and sales of raw materials, agricultural products, finished products, consumer goods, and services;
- c. purchases, sales and licensing of patent rights and proprietary industrial know-how, designs, and processes;
- d. training of technicians and exchange of specialists; and
- e. joint efforts, where appropriate, in the construction of industrial and other facilities in third countries, particularly through supply of machinery and equipment.

ARTICLE III

In order to assist relevant organizations, enterprises, and firms of both countries in determining the fields of cooperation most likely to provide a basis for mutually beneficial contracts, a working group of experts convened by the Commission mentioned in Article V shall meet not less frequently than once a year to

ge information and forecasts of basic economic, industrial, commercial trends.

ARTICLE IV

To promote the cooperation foreseen in this Agreement the Parties shall undertake to facilitate, as appropriate, the acquisition and use of suitable business and residential premises by organizations, enterprises, and firms of the other party and their employees; the transportation of essential office equipment and supplies; the assignment of staffs; the issuance of visas, including multiple entry visas, to qualified officials and representatives of such organizations, enterprises, and firms and to members of their immediate families; and travel by such persons for business purposes within the territory of the receiving country.

ARTICLE V

The US-USSR Commercial Commission established pursuant to the Executive Order of May 26, 1972,^[1] is authorized and directed to monitor the practical implementation of this Agreement, when necessary in consultation with other American-Soviet bodies created by agreement between the Governments of the two countries, with a view to facilitating the cooperation contemplated in this Agreement.

ARTICLE VI

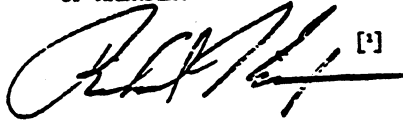
This Agreement shall enter into force on the date of its signature, and shall remain in force for 10 years.

The Parties shall agree not later than six months prior to the expiration of the above period upon measures which may be necessary to facilitate further development of economic, industrial, and technical cooperation.

¹ *Weekly Compilation of Presidential Documents*, June 5, 1972, p. 924.

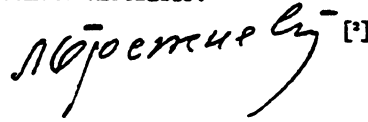
DONE at Moscow on June 29, 1974, in duplicate, in the English and Russian languages, both texts being equally authentic.

FOR THE UNITED STATES
OF AMERICA:

A handwritten signature in black ink, appearing to be "R. Nixon", with a small square box containing the number "1" to its right.

President of the
United States of America

FOR THE UNION OF SOVIET
SOCIALIST REPUBLICS:

A handwritten signature in Cyrillic script, appearing to be "Л. И. Брежнев", with a small square box containing the number "2" to its right.

General Secretary of the Central
Committee of the CPSU

1 Richard Nixon
2 L. I. Brezhnev

TIAS 7910

A-448

UNION OF SOVIET SOCIALIST REPUBLICS

Establishment of Temporary Purchasing Commission

Agreement amending and extending the agreement of October 18, 1972, as amended and extended, and amending the protocol of October 3, 1973.

Effected by exchange of letters

Signed at Washington May 21, June 21 and October 7, 1974;

Entered into force October 7, 1974.

TIAS 8356

(2982)

A-449

TRANSLATION

Washington, May 21, 1974

Minister:

It is the honor to address to you a request for an extension of the term of the Temporary Purchasing Commission for the Kama Truck Plant and Chemical Production Complex, which was formed in New York City in accordance with the October 18, 1972 Trade Agreement [1] between the Government of the Soviet Union and the Government of the U.S.A. According to paragraph 2 of the above-mentioned Trade Agreement, provision is made for periodic review by mutual agreement of the activities of the Purchasing Commission. Taking into account the long-term nature of the purchase and delivery program for the Kama Truck Plant and Chemical Production Complex, the Soviet side proposes an extension of the period of activity of the Commission for two additional years, i.e., until October 18, 1976. I would also like to turn your attention to the growing volume of work which the Commission must carry out in a relatively short period of time in connection with the completion of the placing of orders for the Kama Truck Plant based on additional Eximbank credit, the placing of orders for the Chemical Production Complex, and also in connection with ensuring the delivery of equipment for these projects. In view of this situation, I would like to reaffirm our request for an increase in the personnel of

7772; 25 UST 6, 14.

the Purchasing Commission to 31 persons, made in Minister N. S. Patolichev's letter of June 24, 1973, addressed to Secretary G. P. Shultz, and also to refer to Secretary G. P. Shultz's letter of October 30, 1973, in which paragraph 3 provides for the possibility of a change, by mutual arrangement, in the number of employees of the Commission.

I would be grateful if you would confirm your agreement to the above.

Please accept, Mr. Secretary, the assurance of my highest consideration.

Sincerely yours,

M. Kus'min

Mr. William E. Simon
Secretary of the Treasury of the
United States of America

TIAS 8356

*The Secretary of the Treasury to the Soviet First Deputy Minister of
Foreign Trade*

JUNE 21, 1974

DEAR MR. MINISTER:

I have the honor to refer to your letter of May 21, 1974 regarding the Temporary Purchasing Commission for the Kama River Truck Complex, which was created in New York City in accordance with the Agreement Regarding Trade of October 18, 1972 between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics. Your letter proposes an extension of the period of activity of the Commission for two additional years, i.e., until October 18, 1976. It also reaffirms a request for an increase in the personnel of the Commission to 31 persons based on increased workload made in Minister Patolichev's letter of June 24, 1973 to Secretary Shultz.

I am pleased to inform you that the U.S. Government hereby agrees to extend the life of the Temporary Purchasing Commission for two years, until October 18, 1976, in accordance with Point 2 of the terms for the establishment of the Commission as set forth in the attachment of the letter of Secretary Peterson to Minister Patolichev of October 18, 1972.

As you know, the U.S. Government agreed at the third session of the U.S.-U.S.S.R. Joint Commercial Commission in October 1973 to set the number of personnel for the Kama Commission at a total of 21. The U.S. Government has your request for an increase to 31 persons under advisement. To facilitate our consideration of the request, we would appreciate the opportunity to discuss the projected personnel needs of the Kama Commission within the context of the overall U.S.S.R. commercial representation in the United States. I would urge that you request the U.S.S.R. Trade Representative in Washington meet in the near future with the appropriate officials of the Departments of State and Commerce to review this matter.

Sincerely yours,
WILLIAM E. SIMON
William E. Simon

His Excellency
MIKHAIL KUZ'MIN
*First Deputy Foreign Trade Minister
Ministry of Foreign Trade
Moscow, U.S.S.R.*

TIAS 8356

*The Secretary of the Treasury to the Soviet Minister of Foreign Trade*THE SECRETARY OF THE TREASURY
WASHINGTON 20220

OCTOBER 7, 1974

DEAR MR. MINISTER:

In my letter to Minister Kuzmin of June 21, 1974, I stated that the U.S. Government had agreed to extend the period of activity of the Temporary Purchasing Commission for the Kama River Truck Complex for two additional years, that is until October 18, 1976. I also stated that the U.S. Government had undertaken consideration of a request first made in your letter of June 24, 1973 to Secretary Shultz for an increase in the Commission's staff. This request for an increase in personnel was reaffirmed in Minister Kuzmin's letter to me of May 21, 1974.

I am pleased to advise you that the U.S. Government hereby agrees to an increase in the staff of the Temporary Purchasing Commission from 21 to a level of 31 persons. The terms and conditions governing this increase are those set forth in the attachment to Secretary Peterson's letter of October 18, 1972 to you regarding the establishment of the Commission, and in Secretary Shultz's letter of August 9, 1973 to you in which the U.S. Government agreed to revise the conditions for the Purchasing Commission so that it could be concerned with procurement in addition to that relating to the Kama project.

In addition, I should like to address the Soviet Government's request for an increase in the staff of its Trade Representation in Washington. At the third meeting of the Joint U.S.-U.S.S.R. Commercial Commission in October 1973, a formal agreement was reached between our Governments on establishing the personnel level of the Trade Representation at 25.^[1] At the fourth session of the Commission on May 21, 1974, Minister Manzhulo requested an addition to the present staff of the Trade Representation and the U.S. side agreed to consider this proposal.^[2]

¹ TIAS 7738; 24 UST 2222.

² The U.S.S.R. request was made orally.

TIAS 8356

I am pleased to inform you that the U.S. Government hereby agrees to an increase in the staff of the U.S.S.R. Trade Representation in Washington from 25 to a level of 30 persons.

Sincerely yours,

WILLIAM E. SIMON

William E. Simon

His Excellency

NIKOLAY S. PATOLICHEV

Minister of Foreign Trade of the

Union of Soviet Socialist Republics

Moscow

TIAS 8356

UNION OF SOVIET SOCIALIST REPUBLICS

Visas for Correspondents

*Agreement effected by exchange of notes
Dated at Moscow September 29, 1975;
Entered into force September 29, 1975.*

The American Embassy to the Soviet Ministry of Foreign Affairs

No. 1265

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics and has the honor to communicate the following.

Taking account of the provisions of the Final Act of the Conference on Security and Cooperation in Europe,¹ the Embassy intends to grant one-year visas valid for multiple entries and multiple exits to Soviet correspondents, permanently accredited to the USA, and members of their families, beginning October 1, 1975, based on the fact that an analogous approach to the granting of multiple visas will be employed in the USSR with respect to American correspondents.

The Embassy will regard a positive reply from the Ministry to this note as agreement between the two sides on this question.

Embassy of the United States of America,
Moscow, *September 29, 1975.*

¹ *Department of State Bulletin*, Sept. 1, 1975, p. 323.

TRANSLATION

MINISTRY OF FOREIGN AFFAIRS
OF THE USSR

The Ministry of Foreign Affairs of the Union of Soviet Socialist Republics presents its compliments to the Embassy of the United States of America, and confirming receipt of Embassy note No. 1265 of September 29, 1975 concerning the question of issuing Soviet correspondents multiple visas on a reciprocal basis, has the honor to communicate the following.

Taking account of the provisions of the Final Act of the Conference on Security and Cooperation in Europe, the Soviet side intends to grant visas valid up to one year for multiple entries and multiple exits to American correspondents permanently accredited to the Soviet Union and members of their families, beginning October 1, 1975.

The Ministry will regard the Embassy note mentioned above and this note as agreement between the sides on this question.

Moscow, September 29, 1975.

[SEAL]

Embassy of the United States of America,
Moscow.

TIAS 8448

A-456

UNION OF SOVIET SOCIALIST REPUBLICS

Double Taxation: Taxes on Income

*Convention, with related letters, signed at
Washington June 20, 1973;
Ratification advised by the Senate of the United States
of America December 15, 1975;
Ratified by the President of the United States of
America December 17, 1975;
Ratified by the Union of Soviet Socialist Republics
December 24, 1975;
Ratifications exchanged at Moscow December 30, 1975;
Proclaimed by the President of the United States of
America January 22, 1976;
Entered into force January 29, 1976;
Effective January 1, 1976.*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

CONSIDERING THAT:

The Convention between the United States of America and the Union of Soviet Socialist Republics on Matters of Taxation, with related letters, was signed at Washington on June 20, 1973, the text of which Convention, with related letters, in the English and Russian languages, is hereto annexed;

The Senate of the United States of America by its resolution of December 15, 1975, two-thirds of the Senators present concurring therein, gave its advice and consent to ratification of the Convention, with related letters;

The Convention, with related letters, was ratified by the President of the United States of America on December 17, 1975, in pursuance of the advice and consent of the Senate, and was ratified on the part of the Union of Soviet Socialist Republics on December 24, 1975;

It is provided in Article XIII of the Convention that the Convention shall enter into force on the thirtieth day after the exchange of instruments of ratification, with effectiveness on January 1 of the year following the year in which the instruments of ratification are exchanged;

The instruments of ratification of the Convention were exchanged at Moscow on December 30, 1975, and accordingly the Convention, with related letters, enters into force on January 29, 1976, effective January 1, 1976;

Now, THEREFORE, I, Gerald R. Ford, President of the United States of America, proclaim and make public the Convention, with related letters, to the end that it shall be observed and fulfilled with good faith on and after January 29, 1976, by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have signed this proclamation and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington this twenty-second day of January in the year of our Lord one thousand nine hundred seventy-
[SEAL] six and of the Independence of the United States of America the two hundredth.

GERALD R. FORD

By the President
JOSEPH JOHN SISCO
Acting Secretary of State

TIAS 8225

A-458

C O N V E N T I O N
BETWEEN THE UNITED STATES OF AMERICA
AND THE UNION OF SOVIET SOCIALIST REPUBLICS
ON MATTERS OF TAXATION

The President of the United States of America and the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics, desiring to avoid double taxation and to promote the development of economic, scientific, technical and cultural cooperation between both States, have appointed for this purpose as their respective plenipotentiaries:

The President of the United States of America:

George P. Shultz, Secretary of the Treasury of the USA; and

The Presidium of the Supreme Soviet of the Union of Soviet

Socialist Republics:

Nikolai Semenovich Patolichev, Minister of Foreign Trade of the USSR;

Who have agreed as follows:

TIAS-8225

Article I

1. The taxes which are the subject of this Convention are:

(a) In the case of the Union of Soviet Socialist Republics, taxes and dues provided for by the All-Union legislation;

(b) In the case of the United States of America, taxes and dues provided for by the Internal Revenue Code.

2. This Convention shall also apply to taxes and dues substantially similar to those covered by paragraph 1. which are imposed in addition to, or in place of, existing taxes and dues after the signature of this Convention.

Article II

In this Convention, the terms listed below shall have the following meaning:

1. "Soviet Union" or "USSR" means the Union of Soviet Socialist Republics and, when used in a geographical sense, means the territories of all the Union Republics. Such term also includes:

(a) The territorial sea thereof, and

(b) The seabed and subsoil of the submarine areas adjacent to the coast thereof, but beyond the territorial sea, over which the Soviet Union exercises sovereign rights, in accordance with international law, for the purpose of exploration for and exploitation of the natural resources of such areas. However, it is understood that such term includes such areas only to the extent that the person, property or activity with respect to which questions of taxation arise is connected with such exploration or exploitation.

2. "United States" or "USA" means the United States of America and, when used in a geographical sense, means the territories of all the states and of the District of Columbia. Such term also includes:

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(a) The territorial sea thereof, and

(b) The seabed and subsoil of the submarine areas adjacent to the coast thereof, but beyond the territorial sea, over which the United States exercises sovereign rights, in accordance with international law, for the purpose of exploration for and exploitation of the natural resources of such areas. However, it is understood that such term includes such areas only to the extent that the person, property or activity with respect to which questions of taxation arise is connected with such exploration or exploitation.

3. "Resident of the Soviet Union" means:

(a) a legal entity or any other organization treated in the USSR as a legal entity for tax purposes which is created under the laws of the Soviet Union or any Union Republic and

(b) an individual resident in the Soviet Union for purposes of its tax.

4. "Resident of the United States" means:

(a) a corporation or any other organization treated in the United States as a corporation for tax purposes which is created or organized under the laws of the United States or any state thereof or of the District of Columbia and

(b) an individual resident in the United States for purposes of its tax.

5. "Contracting State" means the United States or the Soviet Union, as the context requires.

6. The term "competent authorities" means:

(a) in the case of the Soviet Union, the Ministry of Finance

TIAS 8225

(b) in the case of the United States, the Secretary of the Treasury or his delegate.

Article III

1. The following categories of income derived from sources within one Contracting State by a resident of the other Contracting State shall be subject to tax only in that other Contracting State:

(a) rentals, royalties, or other amounts paid as consideration for the use of or right to use literary, artistic, and scientific works, or for the use of copyrights of such works, as well as the rights to inventions (patents, author's certificates), industrial designs, processes or formulae, computer programs, trademarks, service marks, and other similar property or rights, or for industrial, commercial, or scientific equipment, or for knowledge, experience, or skill (know-how);

(b) gains derived from the sale or exchange of any such rights or property, whether or not the amounts realized on sale or exchange are contingent in whole or in part, on the extent and nature of use or disposition of such rights or property;

(c) gains from the sale or other disposition of property received as a result of inheritance or gift;

(d) income from the furnishing of engineering, architectural, designing, and other technical services in connection with an installation contract with a resident of the first Contracting State which are carried out in a period not exceeding 36 months at one location;

(e) income from the sale of goods or the supplying of services through a broker, general commission agent or other agent

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of independent status, where such broker, general commission agent or other agent is acting in the ordinary course of his business;

(f) reinsurance premiums; and

(g) interest on credits, loans and other forms of indebtedness connected with the financing of trade between the USA and the USSR except where received by a resident of the other Contracting State from the conduct of a general banking business in the first Contracting State.

2. A Contracting State shall not attribute taxable income to the following activities conducted within that Contracting State by a resident of the other Contracting State:

(a) the purchase of goods or merchandise;

(b) the use of facilities for the purpose of storage or delivery of goods or merchandise belonging to the resident of the other Contracting State;

(c) the display of goods or merchandise belonging to the resident of the other Contracting State, and also the sale of such items on termination of their display;

(d) advertising by a resident of the other Contracting State, the collection or dissemination of information, or the conducting of scientific research, or similar activities, which have a preparatory or auxiliary character for the resident.

Article IV

1. Income from commercial activity derived in one Contracting State by a resident of the other Contracting State, shall be taxable in the first Contracting State only if it is derived by a representation.

2. The term "representation" means:

(a) with regard to income derived within the USSR, an office or representative bureau established in the USSR by a resident of the United States in accordance with the laws and regulations in force in the Soviet Union;

(b) with regard to income derived within the USA, an office or other place of business established in the USA by a resident of the Soviet Union in accordance with the laws and regulations in force in the United States.

3. In the determination of the profits of a representation, there shall be allowed as deductions from total income the expenses that are connected with the performance of its activity, including executive and general administrative expenses.

4. This article applies to income, other than income of an individual dealt with in Article VI, from the furnishing of tour performances and other public appearances.

5. The provisions of this article shall not affect the exemptions from taxes provided for by Articles III and V.

Article V

1. Income which a resident of the Soviet Union derives from the operation in international traffic of ships or aircraft registered in the USSR and gains which a resident of the USSR derives from the sale, exchange, or other disposition of ships or aircraft operated in international traffic by such resident and registered in the USSR shall be exempt from tax in the United States.

2. Income which a resident of the United States derives from operation in international traffic of ships or aircraft registered in

the USA and gains which a resident of the USA derives from the sale, exchange, or other disposition of ships or aircraft operated in international traffic by such resident and registered in the USA shall be exempt from tax in the Soviet Union.

3. Remuneration derived by an individual from the performance of labor or personal services as an employee aboard ships or aircraft operated by one of the Contracting States or a resident thereof in international traffic shall be exempt from tax in the other Contracting State if such individual is a member of the regular complement of the ship or aircraft.

Article VI

1. Special exemptions.

Income derived by an individual who is a resident of one of the Contracting States shall be exempt from tax in the other Contracting State as provided in subparagraphs (a) through (f).

(a) Governmental employees.

(1) An individual receiving remuneration from government funds of the Contracting State of which the individual is a citizen for labor or personal services performed as an employee of governmental agencies or institutions of that Contracting State in the discharge of governmental functions shall not be subject to tax on such remuneration in that other Contracting State.

(2) Labor or personal services performed by a citizen of one of the Contracting States shall be treated by the other Contracting State as performed in the discharge of governmental functions if such labor or personal services would be treated under the internal laws of the first Contracting State as so performed. However, it is understood that persons engaged

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in commercial activity, such as employees or representatives of commercial organizations of the USA and employees or representatives of the foreign trade organizations of the USSR, shall not be considered in the USSR and USA respectively as engaged in the discharge of governmental functions.

(3) The provisions of this Convention shall not affect the fiscal privileges of diplomatic and consular officials under the general rules of international law or under special agreements.

(b) Participants in programs of intergovernmental cooperation.

An individual who is a resident of one of the Contracting States and who is temporarily present in the other Contracting State under an exchange program provided for by agreements between the governments of the Contracting States on cooperation in various fields of science and technology shall not be subject to tax in that other Contracting State on remuneration received from sources within either Contracting State.

(c) Teachers and researchers.

(1) An individual who is a resident of one of the Contracting States and who is temporarily present in the other Contracting State at the invitation of a governmental agency or institution or an educational or scientific research institution in that other Contracting State for the primary purpose of teaching, engaging in research, or participating in scientific, technical or professional conferences shall not be subject to tax in that other Contracting State on his income from teaching or research or participating in such conferences.

(2) Subparagraph (1) shall not apply to income from research if such research is undertaken primarily for the benefit of a private person or commercial enterprise of the USA or a foreign trade organization of the USSR. However, subparagraph (1) shall apply in all cases where research is conducted on the basis of intergovernmental agreements on cooperation.

(d) Students.

An individual who is a resident of one of the Contracting States and who is temporarily present in the other Contracting State for the primary purpose of studying at an educational or scientific research institution or for the purpose of acquiring a profession or a specialty shall be exempt from taxes in the other Contracting State on a stipend, scholarship, or other substitute type of allowance, necessary to provide for ordinary living expenses.

(e) Trainees and specialists.

An individual who is a resident of one of the Contracting States, who is temporarily present in the other Contracting State for the primary purpose of acquiring technical, professional, or commercial experience or performing technical services, and who is an employee of, or under contract with, a resident of the first mentioned Contracting State, shall not be subject to tax in that other Contracting State on remuneration received from abroad. Also, such individual shall not be subject to tax in that other Contracting State on amounts received from sources within that other Contracting State which are necessary to provide for ordinary living expenses.

TIAS 8225

(f) Duration of exemptions.

The exemptions provided for under subparagraphs (b), (c), (d), and (e) of this article shall extend only for such period of time as is required to effectuate the purpose of the visit, but in no case shall such period of time exceed:

(1) One year in the case of subparagraphs (b) (Participants in programs of intergovernmental cooperation) and (e) (Trainees and specialists);

(2) Two years in the case of subparagraph (c) (Teachers and researchers); and

(3) Five years in the case of subparagraph (d) (Students).

If an individual qualifies for exemption under more than one of subparagraphs (b), (c), (d), and (e), the provisions of that subparagraph which is most favorable to him shall apply. However, in no case shall an individual have the cumulative benefits of subparagraphs (b), (c), (d), and (e) for more than five taxable years from the date of his arrival in the other Contracting State.

2. General exemptions.

Income derived by an individual who is a resident of one of the Contracting States from the performance of personal services in the other Contracting State, which is not exempt from tax in accordance with paragraph 1. of this article, may be taxed in that other Contracting State, but only if the individual is present in that other Contracting State for a period aggregating more than 183 days in the taxable year.

Article VII

This Convention shall not restrict the right of a Contracting State to tax a citizen of that Contracting State.

Article VIII

This Convention shall apply only to the taxation of income from activity conducted in a Contracting State in accordance with the laws and regulations in force in such Contracting State.

Article IX

If the income of a resident of one of the Contracting States is exempt from tax in the other Contracting State, in accordance with this Convention, such resident shall also be exempt from any tax which is at present imposed or which may be imposed subsequently in that Contracting State on the transaction giving rise to such income.

Article X

1. A citizen of one of the Contracting States who is a resident of the other Contracting State shall not be subjected in that other Contracting State to more burdensome taxes than a citizen of that other Contracting State who is a resident thereof carrying on the same activities.

2. A citizen of one of the Contracting States who is a resident of the other Contracting State or a representation established by a resident of the first Contracting State in the other Contracting State shall not be subjected in that other Contracting State to more burdensome taxes than are generally imposed in that State on citizens or representations of residents of third States carrying on the same activities. However, this provision shall not require a Contracting State to grant to citizens or representations of residents of the other Contracting State tax benefits granted by special agreements to citizens or representations of a third State.

3. The provisions of paragraphs 1. and 2. of this article shall apply to taxes of any kind imposed on the Federal or All-Union level, the state or Republic level, and on the local level.

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Article XI

1. If a resident of one of the Contracting States considers that the action of one or both of the Contracting States results or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the laws of the Contracting States, present his case to the competent authorities of the Contracting State of which he is a resident or citizen. Should the claim be considered to have merit by the competent authorities of the Contracting State to which the claim is made, they shall endeavor to come to an agreement with the competent authorities of the other Contracting State with a view to the avoidance of taxation not in accordance with the provisions of this Convention.

2. In the event that such an agreement is reached the competent authorities of the Contracting States shall, as necessary, refund the excess amounts paid, allow tax exemptions, or levy taxes.

Article XII

The competent authorities of the Contracting States shall notify each other annually of amendments of the tax legislation referred to in paragraph 1. of Article I and of the adoption of taxes referred to in paragraph 2. of Article I by transmitting the texts of amendments or new statutes and notify each other of any material concerning the application of this Convention.

Article XIII

This Convention shall be subject to ratification and shall enter into force on the thirtieth day after the exchange of instruments of ratification.^[1] The instruments of ratification shall be exchanged at Moscow as soon as possible.

¹ Jan. 29, 1976.

The provisions of this Convention shall, however, have effect for income derived on or after January 1 of the year following the year in which the instruments of ratification are exchanged.

Article XIV

1. This Convention shall remain in force for a period of three years after it takes effect and shall remain in force thereafter for an indefinite period. Either of the Contracting States may terminate this Convention at any time after three years from the date on which the Convention enters into force by giving notice of termination through diplomatic channels at least six months before the end of any calendar year. In such event, the Convention shall cease to have effect beginning on January 1 of the year following the year in which notice is given.

2. Notwithstanding the provisions of paragraph 1. of this article, upon prior notice to be given through diplomatic channels, the provisions of subparagraphs (e), (f), or (g) of paragraph 1. of Article III and the provisions of Article IX may be terminated separately by either Contracting State at any time after three years from the date on which this Convention enters into force. In such event such provisions shall cease to have effect beginning on January 1 of the year following the year in which notice is given.

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In witness whereof, the plenipotentiaries of the two Contracting States have signed the present Convention and have affixed their seals thereto.

Done at Washington, this 20th day of June, 1973, in duplicate, in the English and Russian languages, both texts being equally authentic.

For the President
of the United States
of America

George P. Shultz [1]

For the Presidium of the
Supreme Soviet of the Union
of Soviet Socialist Republics

N. Patolichev [2]

¹ George P. Shultz
² N. Patolichev

[RELATED LETTERS]

THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

JUNE 20, 1973

DEAR MR. MINISTER:

In connection with the Income Tax Convention signed today, I should like to state our understanding of the agreement reached by the delegations of the United States of America and of the Union of Soviet Socialist Republics concerning the application of certain provisions of the Convention.

1. In connection with Article III, subparagraph 1.(e), it is our understanding that Soviet foreign trading organizations perform the functions of a broker or general commission agent for various Soviet industrial and other organizations in the purchase of goods and services from foreign suppliers. Accordingly, a representation of a United States commercial organization in the Soviet Union making sales to a Soviet foreign trading organization will be regarded as making sales through a broker or general commission agent.

It is understood that a firm acting in the USA as a broker, general commission agent or other agent for a Soviet foreign trade organization will not be considered to be of independent status if it is owned or otherwise controlled by an authorized organization of the Soviet Union.

It is also understood that if such a broker, general commission agent or other agent has no income other than commission income, such broker, general commission agent or other agent will be taxable only on such commission income.

2. In Article VI, subparagraphs 1.(d) and (e) provide exemption under certain circumstances of an amount "necessary to provide for ordinary living expenses." It is agreed that the exemption under subparagraph 1.(e) in any taxable year will not apply to any amount in excess of \$10,000 or its equivalent in rubles, and that the exemption under subparagraph 1.(d) will generally apply to a lesser amount, to be determined in each specific case.

3. With respect to income mentioned in Article V, it is understood that each of the Contracting States will, if necessary, endeavor to secure exemption from taxes which may be imposed in Republics, states, or at the local level.

4. It is understood that both Contracting States continue to exercise tax jurisdiction over journalists and press, television, and radio correspondents on foreign assignment. Accordingly, it is agreed on the basis of reciprocity that subparagraph 1.(c)(1) of Article VI shall apply to such journalists and correspondents for a two-year period whether or not they are present in the other Contracting State at the invitation of a governmental agency or institution. It is understood

TIAS 8225

that the exemption granted by the host country will apply only to compensation received from abroad.

5. It is understood that customs duties are not considered taxes for purposes of Article IX and paragraph 3 of Article X.

Please accept, Mr. Minister, assurances of my highest consideration.

Sincerely yours,
GEORGE P. SHULTZ
George P. Shultz

Mr. NIKOLAI S. PATOLICHEV
Ministry of Foreign Trade
Union of Soviet Socialist Republics

TIAS 8225

TRANSLATION

MINISTRY OF FOREIGN TRADE
U.S.S.R.

June 20, 1973

Dear Mr. Secretary:

In connection with the Income Tax Convention signed today, I should like to state our understanding of the agreement reached by the delegations of the United States of America and of the Union of Soviet Socialist Republics concerning the application of certain provisions of the Convention.

1. In connection with Article III, subparagraph 1. (e), it is our understanding that Soviet foreign trading organizations perform the functions of a broker, general commission agent or other agent for various Soviet industrial and other organizations in the purchase of goods and services from foreign suppliers. Accordingly, a representation of a United States commercial organization in the Soviet Union making sales to a Soviet foreign trading organization will be regarded as making sales through a broker, general commission agent or other agent.

It is understood that a firm acting in the USA as a broker, general commission agent or other agent for a Soviet foreign trade organization will not be considered to be of independent status if it is owned or otherwise controlled by an authorized organization of the Soviet Union.

TIAS 8225

It is also understood that if such a broker, general commission agent or other agent has no income other than commission income, such broker, general commission agent or other agent will be taxable only on such commission income.

2. In Article VI, subparagraphs 1.(d) and (e) provide exemption under certain circumstances of an amount "necessary to provide for ordinary living expenses." It is agreed that the exemption under subparagraph 1.(e) in any taxable year will not apply to any amount in excess of \$10,000 or its equivalent in rubles, and that the exemption under subparagraph 1.(d) will generally apply to a lesser amount, to be determined in each specific case.

3. With respect to income mentioned in Article V, it is understood that each of the Contracting States will, if necessary, endeavor to secure exemption from taxes which may be imposed in Republics, states, or at the local level.

4. It is understood that both Contracting States continue to exercise tax jurisdiction over journalists and press, television, and radio correspondents on foreign assignment. Accordingly, it is agreed on the basis of reciprocity that subparagraph 1.(c)(1) of Article VI shall apply to such journalists and correspondents for a two-year period whether or not they are present in the other Contracting State at the invitation of a governmental agency or institution. It is understood that the exemption granted by the host country will apply only to compensation received from abroad.

TIAS 8225

5. It is understood that customs duties are not considered taxes for purposes of Article IX and paragraph 3 of Article X.

Please accept, Mr. Secretary, assurances of my highest consideration.

Sincerely yours,

N PATOLICHEV

Mr. George P. Shultz
Secretary of the Treasury
United States of America

TIAS 8225

A-477

UNION OF SOVIET SOCIALIST REPUBLICS

Grains Agreement

*Signed at Moscow October 20, 1975;
Entered into force October 20, 1975.*

70-408-78

(1)

TIAS 8206

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS
ON THE SUPPLY OF GRAIN

The Government of the United States of America ("USA") and the Government of the Union of Soviet Socialist Republics ("USSR");

Recalling the "Basic Principles of Relations Between the United States of America and the Union of Soviet Socialist Republics" of May 29, 1972;^[1]

Desiring to strengthen long-term cooperation between the two countries on the basis of mutual benefit and equality;

Mindful of the importance which the production of food, particularly grain, has for the peoples of both countries;

Recognizing the need to stabilize trade in grain between the two countries;

Affirming their conviction that cooperation in the field of trade will contribute to overall improvement of relations between the two countries;

Have agreed as follows:

ARTICLE I

The Government of the USA and the Government of the USSR hereby enter into an Agreement for the purchase and sale of wheat and corn for supply to the USSR. To this end, during the period that this Agreement is in force, except as otherwise agreed by the Parties, (i) the foreign trade organizations of the USSR shall purchase from private commercial sources, for shipment in each twelve month period beginning October 1, 1976, six million metric tons of wheat and corn, in approximately equal proportions, grown in the USA; and (ii) the Government of the USA shall employ its good offices to facilitate and encourage such sales by private commercial sources.

¹ *Department of State Bulletin*, June 28, 1972, p. 898.

The foreign trade organizations of the USSR may increase this quantity without consultations by up to two million metric tons in any twelve month period, beginning October 1, 1976 unless the Government of the USA determines that the USA has a grain supply of less than 225 million metric tons as defined in Article V.

Purchases/sales of wheat and corn under this Agreement will be made at the market price prevailing for these products at the time of purchase/sale and in accordance with normal commercial terms.

ARTICLE II

During the term of this Agreement, except as otherwise agreed by the Parties, the Government of the USA shall not exercise any discretionary authority available to it under United States law to control exports of wheat and corn purchased for supply to the USSR in accordance with Article I.

ARTICLE III

In carrying out their obligations under this Agreement, the foreign trade organizations of the USSR shall endeavor to space their purchases in the USA and shipments to the USSR as evenly as possible over each 12-month period.

ARTICLE IV

The Government of the USSR shall assure that, except as the Parties may otherwise agree, all wheat and corn grown in the USA and purchased by foreign trade organizations of the USSR shall be supplied for consumption in the USSR.

ARTICLE V

In any year this Agreement is in force when the total grain supply in the USA, defined as the official United States Department of Agriculture estimates of the carry-in stocks of grain plus the official United States Department of Agriculture forward crop

estimates for the coming crop year, falls below 225 million metric tons of all grains, the Government of the USA may reduce the quantity of wheat and corn available for purchase by foreign trade organizations of the USSR under Article I(1).

ARTICLE VI

Whenever the Government of the USSR wishes the foreign trade organizations of the USSR to be able to purchase more wheat or corn grown in the USA than the amounts specified in Article I, it shall immediately notify the Government of the USA.

Whenever the Government of the USA wishes private commercial sources to be able to sell more wheat or corn grown in the USA than the amounts specified in Article I, it shall immediately notify the Government of the USSR.

In both instances, the Parties will consult as soon as possible in order to reach agreement on possible quantities of grain to be supplied to the USSR prior to purchase/sale or conclusion of contracts for the purchase/sale of grain in amounts above those specified in Article I.

ARTICLE VII

It is understood that the shipment of wheat and corn from the USA to the USSR under this Agreement shall be in accord with the provisions of the American-Soviet Agreement on Maritime Matters which ^[1] is in force during the period of shipments hereunder.

ARTICLE VIII

The Parties shall hold consultations concerning the implementation of this Agreement and related matters at intervals of six months beginning six months after the date of entry into force of this Agreement, and at any other time at the request of either Party.

¹ TIAS 8196; 26 UST.

ARTICLE IX

This Agreement shall enter into force on execution and shall remain in force until September 30, 1981 unless extended for a mutually agreed period.

DONE at Moscow, this 20th day of October, 1975,
in duplicate, in the English and Russian languages, both texts
being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

Charles W. Robinson [1]

[SEAL]

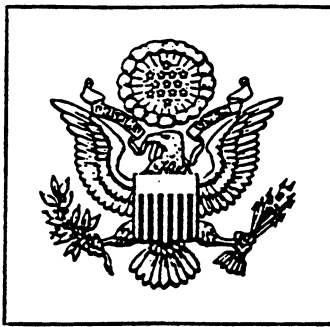
FOR THE GOVERNMENT OF THE UNION
OF SOVIET SOCIALIST REPUBLICS:

N. Patolichev [2]

[SEAL]

¹ Charles W. Robinson
² N. Patolichev

United States of America



DEPARTMENT OF STATE

To all to whom these presents shall come, Greeting:

I Certify That John R. Block, Secretary of Agriculture of the United States of America, is authorized for and in the name of the Government of the United States of America to sign the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on the Supply of Grain.

In testimony whereof, I, Kenneth W. Dam,

Acting Secretary of State, have hereunto caused the seal of the Department of State to be affixed and my name subscribed by the ^{Acting} Authentication Officer of the said Department, at the city of Washington, in the District of Columbia, this twenty-second

day of August, 1949.

Kenneth W. Dam
Acting Secretary of State.

By *Jean C. Hampton*
Acting Authentication Officer, Department of State.



Issued pursuant to RS 161, 5 USC 22, RS 203, 5 USC 158; Sec. 1 of Act of June 25, 1948, 62 St. 946, 28 USC 1733; Sec. 4 of Act of May 26, 1949, 63 St. 111, 5 USC 151c; and Secs. 104 and 332 of Act of June 27, 1952, 66 St. 174 and 253, 8 USC 1104, 1443, and 5 USC 140.

This certificate is not valid if it is removed or altered in any way whatsoever

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LSNO. 110758
LAP/AO
Russian

THE COUNCIL OF MINISTERS OF THE
UNION OF SOVIET SOCIALIST REPUBLICS

states that it hereby empowers Nikolay Semenovich Patolichev,
U.S.S.R. Minister of Foreign Trade, to sign the Agreement
Between the Government of the Union of Soviet Socialist
Republics and the Government of the United States of America
on the Supply of Grain.

Moscow, August 24, 1983

[Stamp of the Council of Ministers of
the Union of Soviet Socialist Republics]

For the Chairman of the Council of Ministers [Signature]
of the U.S.S.R.

For the Minister of Foreign Affairs [Signature]
of the U.S.S.R.

GRAINS

**Agreement Between the
UNITED STATES OF AMERICA
and the UNION OF SOVIET
SOCIALIST REPUBLICS**

Signed at Moscow August 25, 1983



A-485

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89-497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

“ . . . the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

*For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402*

UNION OF SOVIET SOCIALIST REPUBLICS

Grains

*Agreement signed at Moscow August 25, 1983;
Entered into force August 25, 1983.*

(1)

TIAS 10828

A-487

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS
ON THE SUPPLY OF GRAIN

The Government of the United States of America ("USA")
and the Government of the Union of Soviet Socialist Republics
("USSR"),

Recalling the "Basic Principles of Relations between
the United States of America and the Union of Soviet Socialist
Republics" of May 29, 1972^[1] and other relevant agreements
between them;

Desiring to strengthen long-term cooperation between
the two countries on the basis of mutual benefit and equality;

Mindful of the importance which the production of food,
particularly grain, has for the peoples of both countries;

Recognizing the need to stabilize trade in grain
between the two countries; and

Affirming their conviction that cooperation in the
field of trade will contribute to overall improvement of
relations between the two countries;

Have agreed as follows:

¹ *Department of State Bulletin*, June 26, 1972, p. #9.

ARTICLE I

The Government of the USA and the Government of the USSR hereby enter into an agreement for the purchase and sale of wheat and corn for supply to the USSR. To this end, during the period that this Agreement is in force, except as otherwise agreed by the Parties, the Soviet foreign trade organizations shall purchase from private commercial sources, for shipment in each twelve-month period beginning October 1, 1983, nine million metric tons of wheat and corn grown in the USA; in doing so, the Soviet foreign trade organizations, if interested, may purchase, on account of the said quantity, soybeans and/or soybean meal produced in the USA, in the proportion of one ton of soybeans and/or soybean meal for two tons of grain. In any case, the minimum annual quantities of wheat and corn shall be no less than four million metric tons each.

The Soviet foreign trade organizations may increase the nine million metric ton quantity mentioned above without consultations by as much as three million metric tons of wheat and/or corn for shipment in each twelve-month period beginning October 1, 1983.

The Government of the USA shall employ its good offices to facilitate and encourage such sales by private commercial sources.

TIAS 10828

Purchases/sales of commodities under this Agreement will be made at the market price prevailing for these products at the time of purchase/sale and in accordance with normal commercial terms.

ARTICLE II

During the term of this Agreement, except as otherwise agreed by the Parties, the Government of the USA shall not exercise any discretionary authority available to it under United States law to control exports of commodities purchased for supply to the USSR in accordance with Article I.

ARTICLE III

In carrying out their obligations under this Agreement, the Soviet foreign trade organizations shall endeavor to space their purchases in the USA and shipments to the USSR as evenly as possible over each twelve-month period.

ARTICLE IV

The Government of the USSR shall assure that, except as the Parties may otherwise agree, all commodities grown in the USA and purchased by Soviet foreign trade organizations under this Agreement shall be supplied for consumption in the USSR.

TIAS 10828

A-490

ARTICLE V

Whenever the Government of the USSR wishes the Soviet foreign trade organizations to be able to purchase more wheat or corn grown in the USA than the amounts specified in Article I, it shall notify the Government of the USA.

Whenever the Government of the USA wishes private commercial sources to be able to sell to the USSR more wheat or corn grown in the USA than the amounts specified in Article I, it shall notify the Government of the USSR.

In both instances, the Parties will consult as soon as possible in order to reach agreement on possible quantities of grain to be supplied to the USSR prior to purchase/sale or conclusion of contracts for the purchase/sale of grain in amounts above those specified in Article I.

ARTICLE VI

The Government of the USA is prepared to use its good offices, as appropriate and within the laws in force in the USA, to be of assistance on questions of the appropriate quality of the grain to be supplied from the USA to the USSR.

ARTICLE VII

It is understood that the shipment of commodities from the USA to the USSR under this Agreement shall be in accord with the provisions of the American-Soviet Agreement on Maritime Matters which is in force during the period of shipments hereunder.

ARTICLE VIII

The Parties shall hold consultations concerning the implementation of this Agreement and related matters at intervals of six months, and at any other time at the request of either Party.

ARTICLE IX

This Agreement shall enter into force on execution and shall remain in force until September 30, 1988, unless extended by the Parties for a mutually agreed period.

DONE at Moscow this twenty-fifth day of August, 1983, in duplicate, each in the English and Russian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

John R. Block ^[1]

¹ John R. Block.

FOR THE GOVERNMENT OF THE UNION
OF SOVIET SOCIALIST REPUBLICS:

N. Patolichey ^[2]

² N. Patolichey.

TIAS 10828

A-492



Public Release

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

January 4, 1987

UNITED STATES AND THE UNION OF SOVIET REPUBLICS SIGN NEW BILATERAL TEXTILE AGREEMENT

The United States and the Union of the Soviet Republics exchanged notes on December 4, 1987 to establish a new bilateral textile agreement. Texts of the notes follow:

UNITED STATES NOTE

Washington, DC
December 4, 1987

Dear Mr. Kozhevnikov:

I have the honor to refer to discussions between representatives of our two Governments recently held in Washington, D.C., and Moscow. As a result of those discussions, I have the honor to propose the following agreement relating to trade in certain textile products between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics (hereinafter referred to as the Agreement).

AGREEMENT TERM

1. The term of the Agreement shall be from August 1, 1987 to December 31, 1988. The first "agreement period" shall be from August 1, 1987 to December 31, 1987. The second agreement period shall be from January 1, 1988 to December 31, 1988.

COVERAGE

2. The category of cotton textile products covered by the Agreement and the rate of conversion into square yards equivalents are set out in Annex A. For the purpose of the Agreement, and until adoption of the Harmonized Commodity Code by the U.S.A., textile products shall be classified as cotton textiles if wholly or in chief value cotton. Until adoption of the Harmonized Commodity Code by the U.S.A., products covered by this paragraph, but not in chief value cotton, shall be classified as cotton textiles if containing 50 percent or more by weight of cotton or if the cotton with wool and/or man-made fibers in the aggregate equal or exceed 50 percent by

For more
information
contact:

EB/TEX: DONALD STEINBERG (202) 647-2062

weight and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components. Upon adoption of the Harmonized Commodity Code by the U.S.A., textile products shall be classified as cotton textiles if the product is in chief weight of cotton, or if cotton with wool

and/or man-made fibers in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components. For the purpose of the Agreement, categories 313, 315 and until adoption of the new U.S. category system parts of 320 are merged and treated as a single category 313/315/320 part (313/315 upon adoption of the new U.S. category system).

SPECIFIC LIMITS

3. During the term of the Agreement, the Government of the U.S.S.R. shall limit exports from the U.S.S.R. to the U.S.A. of the category of cotton textile products listed in Annex A, to the specific limits set forth in Annex B, as such limits may be adjusted in accordance with paragraph 4. Exports are subject to a limit for the period in which they are exported.

CARRYOVER/CARRYFORWARD

4. The extent to which any specific limit set out in Annex B may be exceeded in any agreement period by carryforward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of unused yardage shortfall of the corresponding specific limit for the previous agreement period) is 11 percent, of which carryover shall not exceed 11 percent and carryforward shall not constitute more than 6 percent. However, no carryover shall be available in the first agreement period and no carryforward shall be available in the final agreement period. For the purpose of the the Agreement, a shortfall in a specific limit occurs when exports from the U.S.S.R. during any agreement period are less than the applicable specific limit set out in Annex B or when such exports are below the specific limits as adjusted.

IMPLEMENTATION

5. (A) The Government of the U.S.S.R. shall administer its export control system under the Agreement. The Government of the U.S.A. may assist the Government of the U.S.S.R. in implementing the limitation provisions of the Agreement.

(B) Cotton textile products exported from the U.S.S.R. in excess of authorized limits in any agreement period may be denied entry into the U.S.A. Any such shipments denied entry may be permitted entry into the U.S.A. and charged to the applicable limit in the succeeding agreement period.

(C) Exports from the U.S.S.R. in excess of the authorized limit in any agreement period, if allowed entry into the U.S.A. during that agreement period, will be charged to the applicable limit in the succeeding agreement period.

(D) The Government of the U.S.A. shall promptly inform the Government of the U.S.S.R. of any charges made pursuant to paragraphs 5 (B) and (C).

(E) Any action taken pursuant to paragraph 5 (B) and (C) above will not prejudice the rights of either Government regarding consultations.

SPACING PROVISIONS

6. The Government of the U.S.S.R. shall use its best efforts to space exports from the U.S.S.R. to the U.S.A. of the cotton textile products covered by the Agreement evenly throughout each agreement period, taking into account normal seasonal factors.

EXCHANGE OF INFORMATION AND DATA

7. (A) The competent bodies of the U.S.A. shall promptly supply the competent bodies of the U.S.S.R. with data on monthly imports of cotton textile products subject to the Agreement into the U.S.A. from the U.S.S.R.

(B) The competent bodies of the U.S.S.R. shall promptly supply the competent bodies of the U.S.A. with data on quarterly exports of cotton textile products subject to the Agreement from the U.S.S.R. to the U.S.A.

(C) The competent bodies of each country agree to supply promptly any information reasonably believed to be necessary to the enforcement of the Agreement requested by the other.

CONSULTATIONS ON IMPLEMENTATION

8. The Government of the U.S.A. and the Government of the U.S.S.R. agree to consult upon the request of the other on any questions arising in the implementation of the Agreement.

RIGHT TO PROPOSE REVISIONS TO THE AGREEMENT

9. Either Government may at any time propose revisions to the terms of the Agreement. Each Government agrees to consult promptly with the other about such proposals with a view to making such revisions to the Agreement or taking such other appropriate action as may be mutually agreed upon.

COOPERATION IN THE PREVENTION OF CIRCUMVENTION

10. The Government of the U.S.A. and the Government of the U.S.S.R. shall cooperate to avoid circumvention of the Agreement.

RIGHT TO TERMINATE THE AGREEMENT

11. Either Government may terminate the Agreement effective at the end of any agreement period by written notice to the other Government to be given at least ninety days prior to the end of such agreement period.

If the foregoing proposal is acceptable to the Government of the Union of Soviet Socialist Republics, this letter and a letter of acceptance on behalf of the Government of the Union of Soviet Socialist Republics shall constitute an Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics, effective August 1, 1987.

Sincerely,



Donald Steinberg
Chief, Textile Division
Bureau of Economic and Business
Affairs
U.S. Department of State

ANNEX A

<u>Category</u>	<u>Unit of Measure</u>	<u>Conversion Factor</u>
313/315/320-part Cotton sheeting and Printcloth	square yards	1:1

ANNEX B

<u>Category</u>	<u>First Agreement Period</u>	<u>Second Agreement Period</u>
	<u>8/1/87-</u> <u>12/31/87</u>	<u>1/1/88-</u> <u>12/31/88</u>
313/315/ 320-part	6 million square yards	23.5 million square yards

UNION OF SOVIET SOCIALIST REPUBLICS NOTE (USSR)

Washington, D.C.

1987

Dear Mr. Steinberg:

I have the honor to confirm receipt of your letter of in which you refer to the talks between representatives of our governments held in Washington and Moscow and in which you propose, on behalf of your government, a bilateral agreement relating to trade in certain textile products between the Union of Soviet Socialist Republics and the United States of America.

On the instructions of my government, I should like to inform you that the proposed bilateral Agreement, whose terms are set forth in your letter, is acceptable, and to confirm that your letter and this letter of acceptance shall constitute an Agreement between the Government of the Union of Soviet Socialist Republics and the Government of the United States of America effective August 1, 1987.

Respectfully yours,
O.V. Kozhevnikov
Business representative
of the USSR in the
United States

GENERAL RELATIONS

*Exchanges of notes at Washington November 16, 1933, between the
President of the United States and the People's Commissar for
Foreign Affairs
Entered into force November 16, 1933*

1933 For. Rel. (II) 805; Department of
State publication 528

THE WHITE HOUSE
WASHINGTON, *November 16, 1933*

MY DEAR MR. LITVINOV:

I am very happy to inform you that as a result of our conversations the Government of the United States has decided to establish normal diplomatic relations with the Government of the Union of Soviet Socialist Republics and to exchange ambassadors.

I trust that the relations now established between our peoples may forever remain normal and friendly, and that our nations henceforth may cooperate for their mutual benefit and for the preservation of the peace of the world.

I am, my dear Mr. Litvinov,
Very sincerely yours,

FRANKLIN D. ROOSEVELT

Mr. MAXIM M. LITVINOV
*People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics*

WASHINGTON, *November 16, 1933*

MY DEAR MR. PRESIDENT:

I am very happy to inform you that the Government of the Union of Soviet Socialist Republics is glad to establish normal diplomatic relations with the Government of the United States and to exchange ambassadors.

I, too, share the hope that the relations now established between our peoples may forever remain normal and friendly, and that our nations hence-

11 *Bevans* 1248

forth may cooperate for their mutual benefit and for the preservation of the peace of the world.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

MR. FRANKLIN D. ROOSEVELT
President of the United States of America
The White House

WASHINGTON, November 16, 1933

MY DEAR MR. PRESIDENT:

I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

1. To respect scrupulously the indisputable right of the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its territories or possessions.

2. To refrain, and to restrain all persons in government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquility, prosperity, order, or security of the whole or any part of the United States, its territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim, the violation of the territorial integrity of the United States, its territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its territories or possessions.

3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the Government of, or makes attempt upon the territorial integrity of, the United States, its territories or possessions; not to form, subsidize, support or permit on its territory military organizations or groups having the aim of armed struggle against the United States, its territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.

4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any orga-

nization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its territories or possessions.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

Mr. FRANKLIN D. ROOSEVELT
President of the United States of America
The White House

THE WHITE HOUSE
Washington, November 16, 1933

MY DEAR MR. LITVINOV:

I am glad to have received the assurance expressed in your note to me of this date that it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

[For terms of policy, see numbered paragraphs in Soviet note, above.]

It will be the fixed policy of the Executive of the United States within the limits of the powers conferred by the Constitution and the laws of the United States to adhere reciprocally to the engagements above expressed.

I am, my dear Mr. Litvinov,
Very sincerely yours,

FRANKLIN D. ROOSEVELT

Mr. MAXIM M. LITVINOV
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

THE WHITE HOUSE
WASHINGTON, November 16, 1933

MY DEAR MR. LITVINOV:

As I have told you in our recent conversations, it is my expectation that after the establishment of normal relations between our two countries many Americans will wish to reside temporarily or permanently within the territory of the Union of Soviet Socialist Republics, and I am deeply concerned that they should enjoy in all respects the same freedom of conscience and religious liberty which they enjoy at home.

As you well know, the Government of the United States, since the foundation of the Republic, has always striven to protect its nationals, at home and abroad, in the free exercise of liberty of conscience and religious worship, and from all disability or persecution on account of their religious faith or worship. And I need scarcely point out that the rights enumerated below are those enjoyed in the United States by all citizens and foreign nationals and by American nationals in all the major countries of the world.

The Government of the United States, therefore, will expect that nationals of the United States of America within the territory of the Union of Soviet Socialist Republics will be allowed to conduct without annoyance or molestation of any kind religious services and rites of a ceremonial nature, including baptismal, confirmation, communion, marriage and burial rites, in the English language, or in any other language which is customarily used in the practice of the religious faith to which they belong, in churches, houses, or other buildings appropriate for such service, which they will be given the right and opportunity to lease, erect or maintain in convenient situations.

We will expect that nationals of the United States will have the right to collect from their co-religionists and to receive from abroad voluntary offerings for religious purposes; that they will be entitled without restriction to impart religious instruction to their children, either singly or in groups, or to have such instruction imparted by persons whom they may employ for such purpose; that they will be given and protected in the right to bury their dead according to their religious customs in suitable and convenient places established for that purpose, and given the right and opportunity to lease, lay out, occupy and maintain such burial grounds subject to reasonable sanitary laws and regulations.

We will expect that religious groups or congregations composed of nationals of the United States of America in the territory of the Union of Soviet Socialist Republics will be given the right to have their spiritual needs ministered to by clergymen, priests, rabbis or other ecclesiastical functionaries who are nationals of the United States of America, and that such clergymen, priests, rabbis or other ecclesiastical functionaries will be protected from all disability or persecution and will not be denied entry into the territory of the Soviet Union because of their ecclesiastical status.

I am, my dear Mr. Litvinov,
Very sincerely yours,

FRANKLIN D. ROOSEVELT

Mr. MAXIM M. LITVINOV
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

WASHINGTON, November 16, 1933

MY DEAR MR. PRESIDENT:

In reply to your letter of November 16, 1933, I have the honor to inform you that the Government of the Union of Soviet Socialist Republics as a fixed policy accords the nationals of the United States within the territory of the Union of Soviet Socialist Republics the following rights referred to by you:

1. The right to "free exercise of liberty of conscience and religious worship" and protection "from all disability or persecution on account of their religious faith or worship".

This right is supported by the following laws and regulations existing in the various republics of the Union:

Every person may profess any religion or none. All restrictions of rights connected with the profession of any belief whatsoever, or with the non-profession of any belief, are annulled. (Decree of Jan. 23, 1918, art. 3.)

Within the confines of the Soviet Union it is prohibited to issue any local laws or regulations restricting or limiting freedom of conscience, or establishing privileges or preferential rights of any kind based upon the religious profession of any person. (Decree of Jan. 23, 1918, art. 2.)

2. The right to "conduct without annoyance or molestation of any kind religious services and rites of a ceremonial nature".

This right is supported by the following laws:

A free performance of religious rites is guaranteed as long as it does not interfere with public order and is not accompanied by interference with the rights of citizens of the Soviet Union. Local authorities possess the right in such cases to adopt all necessary measures to preserve public order and safety. (Decree of Jan. 23, 1918, art. 5.)

Interference with the performance of religious rites, in so far as they do not endanger public order and are not accompanied by infringements on the rights of others is punishable by compulsory labour for a period up to six months. (Criminal Code, art. 127.)

3. "The right and opportunity to lease, erect or maintain in convenient situations" churches, houses or other buildings appropriate for religious purposes.

This right is supported by the following laws and regulations:

Believers belonging to a religious society with the object of making provision for their requirements in the matter of religion may lease under contract, free of charge, from the Sub-District or District Executive Committee or from the Town Soviet, special buildings for the purpose of worship and objects intended exclusively for the purposes of their cult. (Decree of April 8, 1929, art. 10.)

Furthermore, believers who have formed a religious society or a group of believers may use for religious meetings other buildings which have

been placed at their disposal on lease by private persons or by local Soviets and Executive Committees. All rules established for houses of worship are applicable to these buildings. Contracts for the use of such buildings shall be concluded by individual believers who will be held responsible for their execution. In addition, these buildings must comply with the sanitary and technical building regulations. (Decree of April 8, 1929, art. 10.)

The place of worship and religious property shall be handed over for the use of believers forming a religious society under a contract concluded in the name of the competent District Executive Committee or Town Soviet by the competent administrative department or branch, or directly by the Sub-District Executive Committee. (Decree of April 8, 1929, art. 15.)

The construction of new places of worship may take place at the desire of religious societies provided that the usual technical building regulations and the special regulations laid down by the People's Commissariat for Internal Affairs are observed. (Decree of April 8, 1929, art. 45.)

4. "The right to collect from their co-religionists . . . voluntary offerings for religious purposes."

This right is supported by the following law:

Members of groups of believers and religious societies may raise subscriptions among themselves and collect voluntary offerings, both in the place of worship itself and outside it, but only amongst the members of the religious association concerned and only for purposes connected with the upkeep of the place of worship and the religious property, for the engagement of ministers of religion and for the expenses of their executive body. Any form of forced contribution in aid of religious associations is punishable under the Criminal Code. (Decree of April 8, 1929, art. 54.)

5. Right to "impart religious instruction to their children either singly or in groups or to have such instruction imparted by persons whom they may employ for such purpose."

This right is supported by the following law:

The school is separated from the Church. Instruction in religious doctrines is not permitted in any governmental and common schools, nor in private teaching institutions where general subjects are taught. Persons may give or receive religious instruction in a private manner. (Decree of Jan. 23, 1918, art. 9.)

Furthermore, the Soviet Government is prepared to include in a consular convention to be negotiated immediately following the establishment of relations between our two countries provisions in which nationals of the United States shall be granted rights with reference to freedom of conscience and the free exercise of religion which shall not be less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the nation most favored in this respect. In this connection, I have the honor to call to your

attention Article 9 of the Treaty between Germany and the Union of Soviet Socialist Republics, signed at Moscow October 12, 1925,¹ which reads as follows:

Nationals of each of the Contracting Parties . . . shall be entitled to hold religious services in churches, houses or other buildings, rented, according to the laws of the country, in their national language or in any other language which is customary in their religion. They shall be entitled to bury their dead in accordance with their religious practice in burial-grounds established and maintained by them with the approval of the competent authorities, so long as they comply with the police regulations of the other Party in respect of buildings and public health.

Furthermore, I desire to state that the rights specified in the above paragraphs will be granted to American nationals immediately upon the establishment of relations between our two countries.

Finally, I have the honor to inform you that the Government of the Union of Soviet Socialist Republics, while reserving to itself the right of refusing visas to Americans desiring to enter the Union of Soviet Socialist Republics on personal grounds, does not intend to base such refusals on the fact of such persons having an ecclesiastical status.

I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

MR. FRANKLIN D. ROOSEVELT
President of the United States of America
The White House

WASHINGTON, November 16, 1933

MY DEAR MR. PRESIDENT:

Following our conversations I have the honor to inform you that the Soviet Government is prepared to include in a consular convention to be negotiated immediately following the establishment of relations between our two countries provisions in which nationals of the United States shall be granted rights with reference to legal protection which shall not be less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the nation most favored in this respect. Furthermore, I desire to state that such rights will be granted to American nationals immediately upon the establishment of relations between our two countries.

¹ 53 *League of Nations Treaty Series* 7.

In this connection I have the honor to call to your attention Article 11 and the Protocol to Article 11, of the Agreement Concerning Conditions of Residence and Business and Legal Protection in General concluded between Germany and the Union of Soviet Socialist Republics on October 12, 1925.

ARTICLE 11

Each of the Contracting Parties undertakes to adopt the necessary measures to inform the consul of the other Party as soon as possible whenever a national of the country which he represents is arrested in his district.

The same procedure shall apply if a prisoner is transferred from one place of detention to another.

FINAL PROTOCOL

Ad Article 11

1. The Consul shall be notified either by a communication from the person arrested or by the authorities themselves direct. Such communications shall be made within a period not exceeding seven times twenty-four hours, and in large towns, including capitals of districts, within a period not exceeding three times twenty-four hours.

2. In places of detention of all kinds, requests made by consular representatives to visit nationals of their country under arrest, or to have them visited by their representatives, shall be granted without delay. The consular representative shall not be entitled to require officials of the courts or prisons to withdraw during his interview with the person under arrest.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

MR. FRANKLIN D. ROOSEVELT
President of the United States of America
The White House

THE WHITE HOUSE
WASHINGTON, November 16, 1933

MY DEAR MR. LITVINOV:

I thank you for your letter of November 16, 1933, informing me that the Soviet Government is prepared to grant to nationals of the United States rights with reference to legal protection not less favorable than those enjoyed in the Union of Soviet Socialist Republics by nationals of the nation most favored in this respect. I have noted the provisions of the treaty and protocol concluded between Germany and the Union of Soviet Socialist Republics on October 12, 1925.

I am glad that nationals of the United States will enjoy the protection afforded by these instruments immediately upon the establishment of relations between our countries and I am fully prepared to negotiate a consular convention covering these subjects as soon as practicable. Let me add that

American diplomatic and consular officers in the Soviet Union will be zealous in guarding the rights of American nationals, particularly the right to a fair, public and speedy trial and the right to be represented by counsel of their choice. We shall expect that the nearest American diplomatic or consular officer shall be notified immediately of any arrest or detention of an American national, and that he shall promptly be afforded the opportunity to communicate and converse with such national.

I am, my dear Mr. Litvinov,
Very sincerely yours,

FRANKLIN D. ROOSEVELT

MR. MAXIM M. LITVINOV
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

In reply to a question of the President in regard to prosecutions for economic espionage, Mr. Litvinov gave the following explanation:

"The widespread opinion that the dissemination of economic information from the Union of Soviet Socialist Republics is allowed only in so far as this information has been published in newspapers or magazines, is erroneous. The right to obtain economic information is limited in the Union of Soviet Socialist Republics, as in other countries, only in the case of business and production secrets and in the case of the employment of forbidden methods (bribery, theft, fraud, etc.) to obtain such information. The category of business and production secrets naturally includes the official economic plans, in so far as they have not been made public, but not individual reports concerning the production conditions and the general conditions of individual enterprises.

"The Union of Soviet Socialist Republics has also no reason to complicate or hinder the critical examination of its economic organization. It naturally follows from this that every one has the right to talk about economic matters or to receive information about such matters in the Union, in so far as the information for which he has asked or which has been imparted to him is not such as may not, on the basis of special regulations issued by responsible officials or by the appropriate state enterprises, be made known to outsiders. (This principle applies primarily to information concerning economic trends and tendencies.)"

WASHINGTON, November 16, 1933

MY DEAR MR. PRESIDENT:

Following our conversations I have the honor to inform you that the Government of the Union of Soviet Socialist Republics agrees, that, preparatory

final settlement of the claims and counter claims between the Governments of the Union of Soviet Socialist Republics and the United States of America and the claims of their nationals, the Government of the Union of Soviet Socialist Republics will not take any steps to enforce any decisions of courts or initiate any new litigations for the amounts admitted to be due or may be found to be due it, as the successor of prior Governments of Russia, or otherwise, from American nationals, including corporations, companies, partnerships, or associations, and also the claim against the United States of the Russian Volunteer Fleet, now in litigation in the United States Court of Claims, and will not object to such amounts being assigned and does hereby release and assign all such amounts to the Government of the United States, the Government of the Union of Soviet Socialist Republics to be duly satisfied in each case of any amount realized by the Government of the United States from such release and assignment.

The Government of the Union of Soviet Socialist Republics further agrees, in conformity with the settlement referred to above not to make any claim with respect to:

- a) judgments rendered or that may be rendered by American courts in so far as they relate to property, or rights, or interests therein, in which the Government of Soviet Socialist Republics or its nationals may have had or may claim to have an interest; or,
- (b) acts done or settlements made by or with the Government of the United States, or public officials in the United States, or its nationals, relating to property, credits, or obligations of any Government of Russia or its nationals thereof.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

F. FRANKLIN D. ROOSEVELT
President of the United States of America
The White House

THE WHITE HOUSE
WASHINGTON, November 16, 1933

MY DEAR MR. LITVINOFF:

I am happy to acknowledge the receipt of your letter of November 16, 1933, in which you state that:

[For text of Soviet note, see above.]

I am glad to have these undertakings by your Government and I shall be pleased to notify your Government in each case of any amount realized by the Government of the United States from the release and assignment to it of the amounts admitted to be due, or that may be found to be due, the Government of the Union of Soviet Socialist Republics, and of the amount that may be found to be due on the claim of the Russian Volunteer Fleet.

I am, my dear Mr. Litvinov,
Very sincerely yours,

FRANKLIN D. ROOSEVELT

Mr. MAXIM M. LITVINOV
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

WASHINGTON, November 16, 1933

MY DEAR MR. PRESIDENT:

I have the honor to inform you that, following our conversations and following my examination of certain documents of the years 1918 to 1921 relating to the attitude of the American Government toward the expedition into Siberia, the operations there of foreign military forces and the inviolability of the territory of the Union of Soviet Socialist Republics, the Government of the Union of Soviet Socialist Republics agrees that it will waive any and all claims of whatsoever character arising out of activities of military forces of the United States in Siberia, or assistance to military forces in Siberia subsequent to January 1, 1918, and that such claims shall be regarded as finally settled and disposed of by this agreement.

I am, my dear Mr. President,
Very sincerely yours,

MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Union of Soviet Socialist Republics

Mr. FRANKLIN D. ROOSEVELT
President of the United States of America
The White House

CORPORATIONS AND OTHER COMMERCIAL ASSOCIATIONS

Agreement signed at St. Petersburg June 25, 1904, with an understanding

Entered into force June 25, 1904

Senate advice and consent to ratification May 6, 1909,¹ with understanding

Ratified by the President of the United States, with an understanding, June 7, 1909¹

Proclaimed by the President of the United States June 15, 1909

36 Stat. 2163; Treaty Series 526

AGREEMENT

[TRANSLATION]

The Government of the United States and the Imperial Russian Government having judged that it would be mutually useful to regulate the position of Corporations or Stock Companies and other Commercial Associations, industrial or financial, the undersigned, by virtue of the authority which has been vested in them, have agreed as follows:

1. Corporations or Stock Companies, and other industrial or financial commercial organizations, domiciled in one of the two countries, and on the condition that they have been regularly organized in conformity to the laws in force in that country, shall be recognized as having a legal existence in the other country, and shall have therein especially the right to appear before the courts, whether for the purpose of bringing an action or of defending themselves against one.

2. In all cases the said Corporations and Companies shall enjoy in the other country the same rights which are or may be granted to similar companies of other countries.

3. It is understood that the foregoing stipulation or agreement has no bearing upon the question whether a Society or Corporation organized in one of the two countries will or will not be permitted to transact its business

¹ The U.S. understanding stated that the regulations referred to in the third paragraph in the agreement as existing in the several countries refer to and include on the part of the United States the regulations established by and under authority of the several states of the Union.

11 *Reverans* 1235

or industry in the other, this permission remaining always subject to the regulations in this respect existing in the latter country.

This Agreement shall go into force on the 25/12 of June 1904, and shall only be discontinued one year after its denunciation shall have been made by one of the parties to the agreement.

Made in duplicate at St. Petersburg, the 25/12 day of June 1904.

COUNT LAMSDORFF [SEAL]

ROBERT S. McCORMICK [SEAL]

ADVANCEMENT OF PEACE

Treaty signed at Washington October 1, 1914
Senate advice and consent to ratification October 13, 1914
Ratified by Russia December 23, 1914
Ratified by the President of the United States January 23, 1915
Ratifications exchanged at Washington March 22, 1915
Entered into force March 22, 1915
Proclaimed by the President of the United States March 25, 1915

39 Stat. 1622; Treaty Series 616

TREATY FOR THE SETTLEMENT OF DISPUTES

The President of the United States of America and His Majesty the Emperor of all the Russias, desiring to strengthen the friendly relations which unite their countries and to serve the cause of general peace, have decided to conclude a Treaty for these purposes and have consequently appointed their plenipotentiaries designated hereinafter, to wit:

The President of the United States of America, the Honorable William Jennings Bryan, Secretary of State of the United States; and

His Majesty the Emperor of all the Russias, His Excellency G. Bakhméteff, Master of His Court and His Ambassador Extraordinary and Plenipotentiary to the United States of America;

Who, after exhibiting to each other their Full Powers found to be in due and proper form, have agreed upon the following articles:

ARTICLE I

Any differences arising between the Government of the United States of America and the Imperial Government of Russia, of whatever nature they may be, shall, when diplomatic proceedings have failed, be submitted for examination and report to a Permanent International Commission constituted in the manner prescribed in the following article; likewise the High Contracting Parties agree not to resort, with respect to each other, to any acts of force during the examination to be made by the Commission and before its report is handed in.

11 *Revens* 1239

ARTICLE II

The International Commission shall be composed of five members appointed as follows: Each Government shall designate two members; the fifth member shall be designated by common consent and shall not belong to any of the nationalities already represented on the Commission; he shall perform the duties of President.

The two Governments shall bear by halves the expenses of the Commission.

The Commission shall be organized within six months from the exchange of ratifications of the present Convention.

The members shall be appointed for one year and their appointment may be renewed. They shall remain in office until superseded or reappointed, or until the work on which they are engaged at the time their office expires is completed.

Any vacancies which may arise shall be filled in the manner followed for the original appointment.

ARTICLE III

In case a difference should arise between the High Contracting Parties which is not settled by diplomatic methods, each Party shall have a right to ask that the examination thereof be intrusted to the International Commission charged with making a report. Notice shall be given to the President of the International Commission, who shall at once communicate with his colleagues.

As regards the procedure which it is to follow, the Commission shall as far as possible be guided by the provisions contained in articles 9 to 36 of Convention I of The Hague of 1907.¹

The High Contracting Parties agree to afford the Commission, as fully as they may think possible, all means and all necessary facilities for its examination and its report.

The work of the Commission shall be completed within one year from the date on which it has taken jurisdiction of the case, unless the High Contracting Parties should agree to set a different period.

The conclusion of the Commission and the terms of its report shall be adopted by a majority. The report, signed only by the President acting by virtue of his office, shall be transmitted by him to each of the Contracting Parties.

The High Contracting Parties reserve full liberty as to the action to be taken on the report of the Commission.

¹ TS 536, *ante*, vol. 1, p. 587.

ARTICLE IV

The present Treaty shall be ratified by the President of the United States of America, with the advice and consent of the Senate of the United States, and by His Majesty the Emperor of all the Russias.

It shall go into force immediately after the exchange of ratifications and shall last five years.

If it has not been denounced at least six months before the expiration of this period it shall be tacitly renewed for a period of twelve months after either party shall have notified the other of its intention to terminate it.

In witness whereof, the respective Plenipotentiaries have signed the present Treaty and have affixed thereunto their seals.

Done at Washington this $\frac{1 \text{ October}}{18 \text{ September}}$ 1914.

WILLIAM JENNINGS BRYAN [SEAL]

G. BAKHMÉTEFF [SEAL]

EXPORTATION OF EMBARGOED GOODS

Exchange of notes at Washington August 10 and 31, 1917
Entered into force August 31, 1917

Department of State files

The Russian Ambassador to the Secretary of State

RUSSIAN EMBASSY
WASHINGTON
August 10, 1917

have the honor to submit the following for your consideration:

It would seem desirable to the Provisional Russian Government that certain of the arrangements which are in force between the Government of the United States and my Government should be modified and revised, as a consequence of the Government of the United States having joined the Allies in the war; particularly the Protocol of Agreement between the United States and Russia concerning the exportation of embargoed goods now in Russia to the United States, executed at Washington, September 23, 1915,¹ should be cancelled in view of the fact that the Government of the United States has been under its control all exportations to Neutral Countries, thereby preventing the importation of these goods by the enemies of the Allied Governments.

Expressing by the present the desire of the Russian Government to cancel the above agreement, I have the honor to inform you that the following rules and regulations of my Government, concerning the same matter, are supposed to be maintained in force.

1) The Russian Government requires a deposit in dollars to be made at the National City Bank of New York, for the value of the commodity to be exported from Russia. Consequently, regulations contained in the circular copy of which I attach² issued by the Bureau of Foreign & Domestic Commerce under date of August 23, 1916, should remain in effect.

¹TS 618, *ante*, p. 1242.
Not printed here.

11 *Bevens* 1245

2) It would also seem advisable to retain the applications which are made by the American importers to the Bureau of Foreign & Domestic Commerce, and which are the basis of requests for permission to export the goods from Russia. These applications would be entirely for the convenience of the American importer who could not easily communicate directly with my Government concerning the release of the desired goods. Therefore, I would suggest that a short application (according to the attached form)² should be made by the American importer to the Commercial Agent in charge of the Bureau of Foreign & Domestic Commerce, New York City.

It is understood that if a Russian exporter should give in Russia directly to my Government the obligation of delivery of the exchange or its difference, the necessity of filing applications with the Commercial Agent in charge at New York City, would be obviated.

Should your Excellency agree to the cancellation of the said Agreement of September 23, 1915, no bonds will be required from the American importers from the date of the cancellation of the Agreement, and all bonds which are in the possession of our Commercial Attaché will be returned to the American importers; it is understood that importers have to submit to the Bureau of Foreign & Domestic Commerce satisfactory written evidence that the goods imported under said bonds have not been exported from the United States. A Committee composed of one representative of the Department of Commerce and two representatives of the Russian Government, shall decide whether the evidence submitted by the American importer is satisfactory, and shall determine whether the bond is to be returned for cancellation or to be forfeited.

An answer of your Excellency stating the acquiescence of the Government of the United States to the terms of the present communication will be deemed as the cancellation of the agreement in question.

Accept, Sir, the assurances of my highest consideration,

G. BAKHMÉTEFF

The Honorable
THE SECRETARY OF STATE
Washington, D.C.

The Secretary of State to the Russian Ambassador

AUGUST 31, 1917

EXCELLENCY:

I have the honor to acknowledge the receipt of your note of August 10, 1917, indicating the desirability of the cancellation of the Protocol of Agreement between the United States and Russia concerning the exportation

of embargoed goods in Russia to the United States, executed at Washington, September 23, 1915, in view of the control now exercised by the Government of the United States over exportations to neutral countries and indicating the procedure to be followed with reference to future applications for permission to export embargoed goods from Russia and for the cancellation of outstanding bonds given by American importers upon proof that the goods imported under said bonds have not been exported from the United States.

The Government of the United States hereby acquiesces in the cancellation of the Protocol of Agreement of September 23, 1915, and the procedure with reference to future applications as indicated in your note, it being understood that bonds will not be required of American importers of Russian embargoed goods from this date, and that the procedure referred to in your Excellency's note will be instituted for the cancellation of outstanding bonds and that this note taken together with your Excellency's note under acknowledgement will be deemed a cancellation of the Protocol of Agreement in question.

It is suggested that the agent of the Department of Commerce in charge of the New York branch of the Bureau of Foreign and Domestic Commerce be the representative of the Department of Commerce upon the committee to deal with the cancellation of outstanding bonds and copies of Your Excellency's note of August 10 and this note are being forwarded to the Secretary of Commerce for the information of that Department.

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

ROBERT LANSING

His Excellency
Mr. BORIS BAKHMETEFF
Ambassador of Russia

YUGOSLAVIA

YUGOSLAVIA

Agricultural Commodities: Sales Under Title IV

*Agreement signed at Belgrade April 11, 1966;
Entered into force April 11, 1966.
With exchange of notes.*

AGRICULTURAL COMMODITIES AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA UNDER TITLE IV OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED

The Government of the United States of America and the Government of the Socialist Federal Republic of Yugoslavia;

Recognizing the desirability of expanding trade in agricultural commodities between their two countries in a manner which would utilize agricultural commodities, including the products thereof, produced in the United States of America to assist economic development in Yugoslavia;

Recognizing that such expanded trade should be carried on in a manner which would not displace cash marketings of the United States of America in those commodities or unduly disrupt world prices of agricultural commodities;

Recognizing further that by providing such commodities to Yugoslavia under long-term supply and credit arrangements, the resources and manpower of Yugoslavia can be utilized more effectively for economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use;

Desiring to set forth the understandings which will govern the sales, as specified below, of commodities to Yugoslavia pursuant to Title IV of the Agricultural Trade Development and Assistance Act, [1] as amended (hereinafter referred to as the Act);

Have agreed as follows:

ARTICLE I

COMMODITY SALES PROVISIONS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of the Socialist Federal

¹ 78 Stat. 610; 7 U.S.C. §§ 1731-1736.

Republic of Yugoslavia of credit purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance, during the period specified in the following table or such longer periods as may be authorized by the Government of the United States of America, sales for United States dollars, to purchasers authorized by the Government of the Socialist Federal Republic of Yugoslavia, of the following commodities:

<u>Commodity</u>	<u>Supply Period</u>	<u>Approximate Maximum Quantity</u> (Metric tons)	<u>Maximum Export Market Value to be Financed</u> (1,000)
Soybean and/or Cottonseed Oil	Calendar Year 1966	35,000	9,625
Cotton	Calendar Year 1966	137,000 bales	17,536
Ocean Transportation (estimated)			781
Total			27,942

The total amount of financing provided in the credit purchase authorizations shall not exceed the above-specified export market value to be financed, except that additional financing for ocean transportation will be provided if the estimated amount for financing shipments required to be made on United States flag vessels proves to be insufficient. It is understood that the Government of the United States of America will, as price declines or other marketing forces may require, limit the amount of financing provided in the credit purchase authorizations so that the quantities of commodities financed will not substantially exceed the above-specified approximate maximum quantities.

2. Credit purchase authorizations will include provisions relating to the sale and delivery of such commodities and other relevant matters.

3. The financing, sale and delivery of commodities hereunder may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale and delivery is unnecessary or undesirable.

ARTICLE II

CREDIT PROVISIONS

1. The Government of the Socialist Federal Republic of Yugoslavia will pay, or cause to be paid, in United States dollars to the Government of the United States of America for the commodities

TIAS 6031

specified in Article I and related ocean transportation (except excess ocean transportation costs resulting from the requirement that United States flag vessels be used) the amount financed by the Government of the United States of America together with interest thereon.

2. The principal amount due for commodities delivered in each calendar year under this agreement, including the applicable ocean transportation costs related to such deliveries, shall be paid in 12 annual payments. The first annual payment for commodities delivered in any calendar year shall become due two years after the date of last delivery of commodities in such calendar year. Subsequent annual payments shall become due at intervals of one year thereafter. The first and second annual payments for commodities delivered in each calendar year under this agreement, including the applicable ocean transportation costs related to such deliveries, shall each be \$1,000,000 or one-twelfth ($\frac{1}{12}$) of the principal amount due whichever is less. The balance shall be paid in 10 approximately equal annual payments. Any annual payment may be made prior to the due date thereof.

3. Interest on the unpaid balance of the principal amount due the Government of the United States of America for commodities delivered in each calendar year shall be computed at the rate of $3\frac{1}{2}$ percent per annum and shall begin on the date of last delivery of commodities in such calendar year. Interest on each such unpaid balance shall be paid annually on the anniversary of the date of last delivery of commodities in such calendar year.

4. All payments shall be made in United States dollars and the Government of the Socialist Federal Republic of Yugoslavia shall deposit, or cause to be deposited, such payments in the United States Treasury for credit to the Commodity Credit Corporation unless another depository is agreed upon by the two Governments.

5. The two Governments will each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year.

6. For the purpose of determining the date of the last delivery of commodities for each calendar year, delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier.

ARTICLE III

GENERAL PROVISIONS

1. The Government of the Socialist Federal Republic of Yugoslavia will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic consumption of the agricultural commodities purchased pursuant to this agreement; to prevent the export of any commodity of either

domestic or foreign origin which is the same as or like the commodities purchased pursuant to this agreement during the period beginning on the date of this agreement and ending on the final date on which said commodities are being received and utilized (except where such export is specifically approved by the Government of the United States of America); and to ensure that the purchase of commodities pursuant to this agreement does not result in increased availability of these or like commodities to other countries.

2. The two Governments will take reasonable precautions to assure that sales or purchases of commodities pursuant to the agreement will not displace cash marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade of countries friendly to the United States of America.

3. The Government of the Socialist Federal Republic of Yugoslavia agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions of commodities, and information relating to exports of the same or like commodities.

ARTICLE IV

CONSULTATIONS

The two Governments will, upon request of either of them, consult regarding any matter relating to the application of this agreement or to the operation of arrangements entered into pursuant to this agreement.

ARTICLE V

ENTRY INTO FORCE

The Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Beograd in duplicate this 11th day of April, 1966.

FOR THE GOVERNMENT OF
THE UNITED STATES
OF AMERICA:

C. BURKE ELBRICK

C. Burke Elbrick

*Ambassador of the
United States of America*

FOR THE GOVERNMENT OF THE
SOCIALIST FEDERAL REPUBLIC
OF YUGOSLAVIA:

SRDJA PRICA

Srdja Prica

*Counselor of the State Secretary
for Foreign Affairs*

TIAS 6081

U.S. Note

BEOGRAD, *April 11, 1966*

EXCELLENCY:

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Socialist Federal Republic of Yugoslavia signed today, and to inform you of my Government's understanding of the following:

In concurring that the delivery of agricultural commodities pursuant to the agreement should not displace usual marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities, the Government of the Socialist Federal Republic of Yugoslavia agrees: (a) that it will not permit the export of cotton or edible oils (including oil seeds in excess of 2,500 metric tons) of either indigenous or domestic origin during Calendar Year 1966 or any subsequent period during which the commodities purchased under the agreement are being imported and utilized; (b) that, in addition to any commodities required to be purchased to complete the satisfaction of the 1965 usual marketing requirements of other agricultural commodity agreements between our two Governments, it will procure and import with its own resources from normal suppliers during Calendar Year 1966 or any subsequent period during which the commodities purchased under the agreement are being imported, not less than 267,000 bales of cotton, of which not less than 34,000 bales shall be from the United States of America and not less than 15,000 metric tons of edible vegetable oils and/or oil equivalent of oil seeds of which at least 5,000 metric tons shall be from the United States of America; and (c) that should Yugoslavia's exports of cotton textiles be increased during Calendar Year 1966 over Calendar Year 1964, it will procure and import with its own resources from the United States of America an additional quantity of cotton at least equal to the raw cotton content of the increase in its textile exports. Such imports will be in addition to those stated in paragraph (b) above.

With regard to paragraph 3, Article III of the agreement, the Government of the Socialist Federal Republic of Yugoslavia agrees to furnish quarterly the following information in connection with each shipment of commodities received under the Agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; the condition in which received; the date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally, or if shipped, where shipped. In addition, the Government of the Socialist Federal Republic of Yugoslavia agrees to furnish quarterly: (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished, (b) assurances that the program will not result in increased availability

TIAS 6031

of the same or like commodities to other nations, and (c) a statement by the Government of the Socialist Federal Republic of Yugoslavia showing progress made toward fulfilling commitments on usual marketings, accompanied by statistical data on imports by country of origin or destination of commodities which are the same or like those imported under the agreement.

I shall appreciate receiving your confirmation that the foregoing also represents the understanding of the Socialist Federal Republic of Yugoslavia.

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

C. BURKE ELBRICK

C. Burke Elbrick
*Ambassador of the United
States of America*

His Excellency

SRDJA PRICA

*Counselor of the State Secretary
for Foreign Affairs
Beograd*

Yugoslav Note

BEOGRAD, April 11, 1966

EXCELLENCY:

I have the honor to acknowledge the receipt of your note dated April 11, 1966, which reads as follows:

"I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Socialist Federal Republic of Yugoslavia signed today, and to inform you of my Government's understanding of the following:

"In concurring that the delivery of agricultural commodities pursuant to the agreement should not displace usual marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities, the Government of the Socialist Federal Republic of Yugoslavia agrees: (a) that it will not permit the export of cotton or edible oils (including oil seeds in excess of 2,500 metric tons) of either indigenous or domestic origin during Calendar Year 1966 or any subsequent period during which the commodities purchased under the agreement are being imported and utilized; (b) that, in addition to any commodities required to be purchased to complete the satisfaction of the 1965 usual marketing requirements of other agricultural commodity agreements between our two Governments, it will procure and import with its own resources from normal suppliers during Calendar Year 1966 or any subsequent period during which the commodities purchased under the agreement

TIAS 6081

are being imported, not less than 267,000 bales of cotton, of which not less than 34,000 bales shall be from the United States of America and not less than 15,000 metric tons of edible vegetable oils and/or oil equivalent of oil seeds of which at least 5,000 metric tons shall be from the United States of America; and (c) that should Yugoslavia's exports of cotton textiles be increased during Calendar Year 1966 over Calendar Year 1964, it will procure and import with its own resources from the United States of America an additional quantity of cotton at least equal to the raw cotton content of the increase in its textile exports. Such imports will be in addition to those stated in paragraph (b) above.

"With regard to paragraph 3, Article III of the agreement, the Government of the Socialist Federal Republic of Yugoslavia agrees to furnish quarterly the following information in connection with each shipment of commodities received under the Agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; the condition in which received; the date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally, or if shipped, where shipped. In addition, the Government of the Socialist Federal Republic of Yugoslavia agrees to furnish quarterly: (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished, (b) assurances that the program will not result in increased availability of the same or like commodities to other nations, and (c) a statement by the Government of the Socialist Federal Republic of Yugoslavia showing progress made toward fulfilling commitments on usual marketings, accompanied by statistical data on imports by country of origin or destination of commodities which are the same or like those imported under the agreement.

"I shall appreciate receiving your confirmation that the foregoing also represents the understanding of the Socialist Federal Republic of Yugoslavia.

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

I have the honor to inform you of the concurrence of my Government in the foregoing.

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

SRDJA PRICA

Srdja Prica

*Counselor of the State Secretary
for Foreign Affairs*

His Excellency

C. BURKE ELBRICK

*Ambassador of the
United States of America
Beograd*

TIAS 6031

**SOCIALIST FEDERAL REPUBLIC OF
YUGOSLAVIA**

Trade in Textiles: Consultations on Market Disruption

*Agreement effected by exchange of notes
Signed at Belgrade January 14, 1976;
Entered into force January 14, 1976.*

TIAS 8271

(1622)

A-526

A-526

*s American Ambassador to the Yugoslav Vice President of the
leral Executive Council and Federal Secretary for Foreign Affairs*

to. 48

excellency:

I refer to the agreement concerning trade in cotton, wool and man-made fiber textiles between our two countries signed on December 31, 1970,^[1] at Belgrade.

As a result of the United States' review of its bilateral agreements under Article 2 of the arrangement regarding international trade in textiles^[2] (hereinafter referred to as the Arrangement), and also the mutual review with representatives of the Government of Yugoslavia of the trade in textiles between Yugoslavia and the United States I wish to propose that the bilateral cotton textile agreement referred to above be terminated.

Should exports of cotton, wool, and man-made fiber textiles and apparel products from Yugoslavia to the United States develop in such a manner so as to cause or threaten to cause in the United States problems of market disruption as defined in the Arrangement, the Government of the United States may request consultations with the Government of the Socialist Federal Republic of Yugoslavia.

I further propose that the Government of the Socialist Federal Republic of Yugoslavia agree to respond within 30 days of the date of such a request for consultations and to consult within 60 days

is Excellency Milos Minic

Vice President of the Federal

Executive Council and Federal Secretary

for Foreign Affairs,

Belgrade, Yugoslavia

¹ TIAS 7032, 7631; 21 UST 3092; 24 UST 1099.

² TIAS 7840; 25 UST 1006.

TIAS 8271

thereafter (unless otherwise mutually agreed) to arrive at an early solution on mutually satisfactory terms.

If the foregoing proposal is acceptable to your Government, this note and Your Excellency's note of acceptance on behalf of the Government of Yugoslavia shall constitute an agreement between our two governments, effective on the date of your note of acceptance.

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

Laurence H. Silberman

Embassy of the United States of America

Belgrade, January 14, 1976

TIAS 8271

A-52R

A-528

*The Yugoslav Federal Secretary for Foreign Affairs to the American
Ambassador*

No. 41704

Belgrade, 14 January 1976

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note No. 48 of 14 January 1976, proposing the termination of the bilateral agreement on trade in cotton, wool and man-made fiber textiles between our two countries signed on 31 December 1970, at Beograd, which reads as follows:

"Excellency,

I refer to the agreement concerning trade in cotton, wool and man-made fiber textiles between our two countries signed on December 31, 1970, at Beograd.

As a result of the United States review of its bilateral agreements under Article 2 of the arrangement regarding international trade in textiles (hereinafter referred to as the Arrangement), and also the mutual review with representatives of the Government of Yugoslavia of the trade in textiles between Yugoslavia and the United States I wish to propose that the bilateral cotton textile agreement referred to above be terminated.

Should exports of cotton, wool and man-made fiber textiles and apparel products from Yugoslavia to the United States develop in such a manner so as to cause or threaten to cause in the

His Excellency
Mr. Laurence H. Silberman
Ambassador of the United
States of America

TIAS 8271

United States problems of market disruption as defined in the Arrangement, the Government of the United States may request consultations with the Government of the Socialist Federal Republic of Yugoslavia. I further propose that the Government of the Socialist Federal Republic of Yugoslavia agree to respond within 30 days of the date of such a request for consultations and to consult within 60 days thereafter (unless otherwise mutually agreed) to arrive at an early solution on mutually satisfactory terms.

If the foregoing proposal is acceptable to your Government, this note and Your Excellency's note of acceptance on behalf of the Government of Yugoslavia shall constitute an agreement between our two Governments, effective on the date of your note of acceptance.

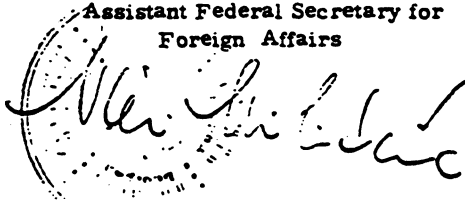
Accept, Excellency, the renewed assurances of my highest consideration."

I have the honour to inform you that the foregoing text is in accordance with the position of my Government and that Your Excellency's note and this note in reply to it constitute the agreement between the two Governments.

Accept, Excellency, the assurances of my high consideration.

For the Federal Secretary for
Foreign Affairs

Nikola Milicević
Assistant Federal Secretary for
Foreign Affairs

A handwritten signature in dark ink, appearing to read 'Nikola Milicevic', is written over a circular official stamp. The stamp contains some illegible text and a central emblem.

TIAS 8271



Textiles Division

Public Release

United States Department of State
Bureau of Economic and Business Affairs
Washington, D.C.

January 8, 1987

UNITES STATES AND YUGOSLAVIA EXTENDED BILATERAL AGREEMENT

The United States and Yugoslavia extended their bilateral textile agreement. Texts of the notes follow:

UNITED STATES NOTE

Belgrade, December 5, 1986

The Embassy of the United States of America presents its compliments to the Federal Secretariat for Foreign Affairs of the Socialist Federal Republic of Yugoslavia and has the honor to refer to the Arrangement regarding International Trade in Textiles (hereinafter referred to as the Arrangement), done at Geneva on December 20, 1973, as extended by the Protocol on July 31, 1986 and to the Bilateral Agreement between the United States of America and the Socialist Federal Republic of Yugoslavia concerning trade in certain textiles and textile products effected by exchange of Notes dated October 26 and 27, 1978, as amended (the "Agreement").

The Embassy also refers to discussions between representatives of the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America in Belgrade from November 3-5, 1986, concerning certain cotton, wool and man-made fiber

For more
information
contact:

EB/TEX: SUSAN SALEM

(202) 647-2777

textile and textile products from Yugoslavia exported to the United States.

As a result of these discussions, the Embassy has the honor to propose on behalf of the Government of the United States, under Article 4 of the Arrangement, the following extension to the current Agreement relating to trade in certain cotton, wool and man-made fiber textiles and textile products between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America.

AGREEMENT TERM

1. The term of this Agreement will be extended from the period January 1, 1987 through December 31, 1989. Each "Agreement Period" shall be a twelve-month period from January 1 of a given year to December 31 of the same year.

COVERAGE OF AGREEMENT

2. Textiles and textile products covered by this Agreement are those set forth in Annex A. Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers or blends thereof, in which any or all of those fibers in combination represent either the chief value of the fibers or fifty (50) percent or more by weight (or seventeen (17) percent or more by weight of wool) of the products, are subject to this Agreement.

CLASSIFICATION

3. For the purposes of this Agreement, textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of any of these fibers. Products covered by this sub-paragraph but not in chief value of cotton, wool or man-made fiber shall be classified as:

(I) Cotton textiles if containing fifty (50) percent or more by weight of cotton, or if the cotton with wool and/or man-made fibers in the aggregate equal or exceed fifty (50) percent by weight and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components;

(II) Wool textiles, if not cotton as described in (I) above, and wool equals or exceeds seventeen (17) percent by weight of all component fibers; and

(III) Man-made fibers textiles, if not cotton or wool as described in (I) or (II) above, and containing fifty (50) percent or more by weight of man-made fiber, or if man-made fiber in combination with cotton and/or wool in the aggregate equals or exceeds fifty (50) percent by weight of the component fibers and the man-made fiber component exceeds the weight of the total wool and/or total cotton component.

SPECIFIC LIMITS

4. (A) Commencing with the first agreement period and during the subsequent term of this Agreement, the Government of the Socialist Federal Republic of Yugoslavia shall limit exports to the United States of

textiles to the specific limits set out in Annex B, as such specific limits may be adjusted in accordance with Paragraph 5.

(B) For purposes of computing limits and charges to limits, the rates of conversion for individual categories set out in Annex A shall be applied.

(C) For the purposes of this Agreement, and in recognition of the patterns of trade between Yugoslavia and the United States, the categories below are merged and treated as single categories, as indicated:

340, 640	340/640
341, 641	341/641
443, 643	443/643
447, 448	447/448
645, 646	645/646

FLEXIBILITY ADJUSTMENTS

5. (A) The specific limits set out in Annex B do not include any adjustments permitted under Paragraph 5.

(B) (I) The extent to which any specific limit set out in Annex B may be exceeded in any agreement period by carryforward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of any unused yardage (shortfall) of the corresponding specific limit for the previous agreement period) is eleven (11) percent, of which carryforward shall not constitute more than six (6) percent.

(11) No carryforward shall be available for application in the final agreement period.

(III) Carryover shall be available for the 1987 agreement year, and carryforward shall be available for the 1986 agreement year for categories under restraint during the 1986 agreement year.

(C) For the purposes of the Agreement, a shortfall in a specific limit occurs when exports of textiles or textile products from Yugoslavia to the United States during any agreement period are below the applicable specific limit as set out in Annex B, or in the case of any limit decreased pursuant to Paragraph 5, when such exports are below the specific limit as decreased.

(D) During any agreement year, the specific limits set out in Annex B may be increased by not more than six (6) percent swing for cotton and man-made fiber textiles and by not more than five (5) percent swing for wool textiles and textile products, provided that a corresponding reduction in square yards equivalent is made in one or more other specific limits during the same agreement period.

(E) Special shift of ten (10) percent shall be available between Categories 340/640 and 341/641. Should this special shift be utilized during an agreement year, swing will not be available for that agreement year for Categories 340/640 and 341/641.

(F) The Government of the Socialist Federal Republic of Yugoslavia will notify the Government of the United States through official channels when it wishes to use an unused quantity (shortfall) available in categories for carryover or when it wishes to use carryforward, subject to the provisions set out above. However, the Government of the United States may apply adjustments under this paragraph to any specific limit whenever that adjustment appears appropriate to facilitate the flow of trade and the sound administration of the Agreement. To the extent that such adjustments are actually utilized they will be implemented by means of carryover and carryforward in that order. Any unused carryforward will be re-credited to the following agreement period's limit. This procedure will not prejudice the outcome of any consultations between our governments concerning the amounts of flexibility available.

(G) The Government of the Socialist Federal Republic of Yugoslavia shall indicate to the Government of the United States the specific limits or sub-limits it would like to increase and which it would like decreased.

OVERSHIPMENT CHARGES

6. (A) Products of Yugoslavia shipped in excess of authorized limits in any agreement period may be denied entry into the United States. Any such shipments denied entry, may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement period. The Government of the United States shall inform the Government of the Socialist Federal Republic of Yugoslavia of any such charges.

(B) Products of Yugoslavia shipped in excess of applicable limits in any agreement period will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

(C) Any action taken pursuant to Paragraphs (A) and (B) above will not prejudice the rights of either side regarding consultations.

SPACING PROVISIONS

7. The Government of the Socialist Federal Republic of Yugoslavia shall space exports to the United States within each category or product evenly throughout each agreement period, taking into consideration normal seasonal factors.

U.S. ASSISTANCE IN IMPLEMENTATION
OF THE LIMITATION PROVISIONS

8. The Government of the Socialist Federal Republic of Yugoslavia shall administer its export control system under this Agreement. The Government of the United States may assist the Government of the Socialist Federal Republic of Yugoslavia in implementing the limitation provisions of this Agreement by controlling imports of textiles and textile products covered by this Agreement.

EXCHANGE OF INFORMATION

9. With regard to fraud and circumvention, each government agrees to supply the other government any information within its possession which it reasonably believes to be necessary for the enforcement of this Agreement.

10. (A) The Government of the United States shall promptly supply the Government of the Socialist Federal Republic of Yugoslavia with data on monthly imports of cotton, man-made fiber, and wool textiles and textile products into the United States from Yugoslavia.

(B) The Government of the Socialist Federal Republic of Yugoslavia shall promptly supply the Government of the United States with data on monthly exports of cotton, man-made fiber, and wool textiles and textile products from Yugoslavia to the United States.

(C) Each government agrees to promptly supply needed statistical data necessary to the implementation of this Agreement requested by the other government.

MUTUALLY SATISFACTORY ADMINISTRATIVE ARRANGEMENTS

11. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

CONSULTATIONS ON IMPLEMENTATION QUESTIONS

12. The Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia agree to consult upon the request of the other, on any question arising in the implementation of this Agreement.

RIGHT TO PROPOSE REVISIONS TO THE AGREEMENT

13. The Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia may at any time propose revisions to the terms of this Agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

CONSULTATIONS IN CASE OF INEQUITY
VIS-A-VIS A THIRD COUNTRY

14. If the Government of the Socialist Federal Republic of Yugoslavia considers that, as a result of limitations specified in this Agreement, it is being placed in an inequitable position in relation to a third country, the Government of the Socialist Federal Republic of Yugoslavia may request consultations with

the Government of the United States with a view of taking appropriate remedial actions, such as a reasonable modification of this Agreement.

ARTICLE 3 PROCEDURES

15. For the duration of this Agreement, the Government of the United States shall not invoke the procedures of Article 3 of the Arrangement to request restraint on the exports of cotton, wool and man-made fiber textiles and textile products to the United States which are covered by this Agreement. The Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia reserve their rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

PROVISION FOR TEXTILE AGREEMENT HARMONIZED COMMODITY CODE

16. (A) Both governments recognize that adoption by the Government of the United States of the Harmonized Commodity Code may result in some changes in the United States category system of textile products as presently covered by this Agreement. If such changes are made during the term of this Agreement, the Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia will consult with a view toward reaching a satisfactory resolution of issues concerning categories covered by this Agreement. The Government of the Socialist Federal Republic of Yugoslavia recognizes that should there be no resolution

in such consultations, the Government of the United States reserves its rights to make such adjustments to Annexes A and B as necessary to bring it into conformity with the new category system and with the Harmonized Commodity Code. The intent of this conversion on the part of the United States Government will not be to diminish or alter overall trade in textiles with Yugoslavia.

(B) Consultations under this provision shall be conducted no later than 90 days before final adoption of the Harmonized Commodity Code by the Government of the United States.

COOPERATION IN CIRCUMVENTION

17. Both governments agree to cooperate to avoid circumvention of this Agreement.

VISA ARRANGEMENT

18. Both governments agree to remove the visa arrangement from the Agreement and establish a separate administrative arrangement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America. The visa arrangement shall be applied to those categories under restraint.

RIGHT TO TERMINATE THE AGREEMENT

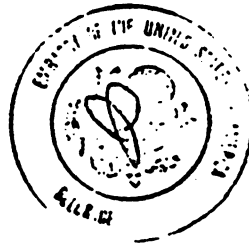
19. Either government may terminate this Agreement, effective at the end of an agreement period, by written notice to the other government to be given at least ninety (90) days prior to the end of such agreement period.

ANNEXES

20. The Annexes of this Agreement shall be considered as an integral part thereof.

If the foregoing conforms with the understanding of the Government of the Socialist Federal Republic of Yugoslavia, this Note and your Government's Note of Confirmation shall constitute an extension of the Agreement between our two Governments.

The Embassy of the United States of America avails itself of this opportunity to renew to the Federal Secretariat for Foreign Affairs of the Socialist Federal Republic of Yugoslavia the assurances of its highest consideration.



Embassy of the United States of America,
Belgrade, December 5, 1986.

ANNEX A

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>CONVERSION FACTOR</u>	<u>UNIT OF MEASURE</u>
--Yarn			
-Man-Made Fibers			
604	Spun Non-cellulosic	4.1	L.B.
--Apparel			
-Cotton			
340	Shirts, N.K.	24.0	DZ.
341	Blouses, N.K.	14.5	DZ.
-Wool			
433	Suit-Type Coats M&B	36.0	DZ.
434	Other Coats, M&B	54.0	DZ.
435	Coats, W, G, & I	54.0	DZ.
442	Skirts	18.0	DZ.
443	Suits, M&B	54.0	DZ.
444	Suits, W, G, & I	54.0	DZ.
447	Trousers, Slacks & Shorts (Outer) M&B	18.0	DZ.
448	Trousers, Slacks & Shorts (Outer) W, G & I	18.0	DZ.
-Man-Made Fiber			
640	Shirts, N.K.	24.0	DZ.
641	Blouses, N.K.	14.5	DZ.
643	Suits, M&B	54.0	DZ.
645	Sweaters, M&B	36.8	DZ.
646	Sweaters, W, G & I	36.8	DZ.
--Made-Ups and Misc.			
-Man-Made Fiber			
666	Other Furnishings,	7.8	L.B.

ANNEX B

<u>CATEGORY</u>	<u>UNIT</u>	<u>AGREEMENT PERIOD</u>		
		<u>1/1/87-</u> <u>12/31/87</u>	<u>1/1/88-</u> <u>12/31/88</u>	<u>1/1/89-</u> <u>12/31/89</u>
340/640	DZ.	360,400	382,024	404,945
341/641	DZ.	235,000	249,100	264,046
433	DZ.	7,821	7,899	7,978
434	DZ.	8,671	8,758	8,846
435	DZ.	38,254	38,637	39,023
442	DZ.	10,750	10,858	10,967
443/643	DZ.	22,629	23,987	25,426
(443)	DZ.	8,500	8,585	8,671
444	DZ.	7,521	7,596	7,672
447/448	DZ.	47,945	48,424	48,908
(447)	DZ.	28,563	28,849	29,137
(448)	DZ.	28,563	28,849	29,137

<u>CATEGORY</u>	<u>UNIT</u>	<u>AGREEMENT PERIOD</u>		
		<u>11/1/86-</u> <u>12/31/87</u>	<u>1/1/88-</u> <u>12/31/88</u>	<u>1/1/89-</u> <u>12/31/89</u>
645/646	DZ.	128,333	116,600	123,596
666	LR.	2,216,667	2,014,000	2,134,840
604-A	LB.	700,000	636,000	674,160

YUGOSLAVIA NOTE

Belgrade, December 1986

The Federal Secretariat for Foreign Affairs of the Socialist Federal Republic of Yugoslavia presents its compliments to the Embassy of the United States of America and has the honour to acknowledge the receipt of the Embassy's Note No. 117 of 5 December 1986, referring to the Agreement between the Federal Executive Council of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America concerning Trade in Certain Textiles and Apparel Products concluded in 1978 and extended and amended by the exchange of Notes (hereinafter referred to as the Agreement) the text of which reads as follows:

"No. 117

The Embassy of the United States of America presents its compliments to the Federal Secretariat for Foreign Affairs of the Socialist Federal Republic of Yugoslavia and has the honour to refer to the Arrangement regarding International Trade in Textiles (hereinafter referred to as the Arrangement), done at Geneva on December 20, 1973, as extended by the Protocol on July 31, 1986 and to the Bilateral Agreement between the United States of America and the Socialist Federal Republic of Yugoslavia concerning trade in certain textiles and textile products effected by exchange of Notes dated October 26 and 27, 1978,

EMBASSY OF THE UNITED STATES OF AMERICA
B E O G R A D

as amended (the "Agreement").

The Embassy also refers to discussions between representatives of the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America in Belgrade from November 3-5, 1986, concerning certain cotton, wool and man-made fiber textile and textile products from Yugoslavia exported to the United States..

As a result of these discussions, the Embassy has the honor to propose on behalf of the Government of the United States, under Article 4 of the Arrangement, the following extension to the current Agreement relating to trade in certain cotton, wool and man-made fiber textiles and textile products between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America.

AGREEMENT TERM

1. The term of this Agreement will be extended from the period January 1, 1987 through December 31, 1989. Each "Agreement Period" shall be a twelve-month period from January 1 of a given year to December 31 of the same year.

COVERAGE OF AGREEMENT

2. Textiles and textile products covered by this Agreement are those set forth in Annex A. Tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (being products which derive their chief characteristics from their textile components) of cotton, wool, man-made fibers or blends thereof, in which any or all of those fibers in combination represent either the chief value of the fibers or fifty (50) percent or more by weight (or seventeen (17) percent or more by weight of wool) of the products, are subject to this Agreement.

CLASSIFICATION

3. For the purposes of this Agreement, textile products shall be classified as cotton, wool or man-made fiber textiles if wholly or in chief value of any of these fibers. Products covered by this sub-paragraph but not in chief value of cotton, wool or man-made fiber shall be classified as:

(I) Cotton textiles if containing fifty (50) percent or more by weight of cotton, or if the cotton with wool and/or man-made fibers in the aggregate equal or exceed fifty (50) percent by weight and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components;

(II) Wool textiles, if not cotton as described in (I) above, and wool equals or exceeds seventeen (17) percent by weight of all component fibers; and

(III) Man-made fibers textiles, if not cotton or wool as described in (I) or (II) above, and containing fifty (50) percent or more by weight of man-made fiber, or if man-made fiber in combination with cotton and/or wool in the aggregate equals or exceeds fifty (50) percent by weight of the component fibers and the man-made fiber component exceeds the weight of the total wool and/or total cotton component.

SPECIFIC LIMITS

4. (A) Commencing with the first agreement period and during the subsequent term of this Agreement, the Government of the Socialist Federal Republic of Yugoslavia shall limit exports to the United States of textiles to the specific limits set out in Annex B, as such specific limits may be adjusted in accordance with Paragraph 5.

(B) For purposes of computing limits and charges to limits, the rates of conversion for individual categories set out in Annex A shall be applied.

(C) For the purposes of this Agreement, and in recognition of the patterns of trade between Yugoslavia and the United States, the categories below are merged and treated as single categories, as indicated:

340, 640	340/640
341, 641	341/641
443, 643	443/643
447, 448	447/448
645, 646	645/646

FLEXIBILITY ADJUSTMENTS

5. (A) The specific limits set out in Annex B do not include any adjustments permitted under Paragraph 5.

(B) (I) The extent to which any specific limit set out in Annex B may be exceeded in any agreement period by carryforward (borrowing a portion of the corresponding specific limit from the succeeding agreement period) and/or carryover (the use of any unused yardage (shortfall) of the corresponding specific limit for the previous agreement period) is eleven (11) percent, of which carryforward shall not constitute more than six (6) percent.

(II) No carryforward shall be available for application in the final agreement period.

(III) Carryover shall be available for the 1987 agreement year, and carryforward shall be available for the 1986 agreement year for categories under restraint during the 1986 agreement year.

(C) For the purposes of the Agreement, a shortfall in a specific limit occurs when exports of textiles or textile products from Yugoslavia to the United States during any agreement period are below the applicable specific limit as set out in Annex B, or in the case of any limit decreased pursuant to Paragraph 5, when such exports are below the specific limit as decreased.

(D) During any agreement year, the specific limits set out in Annex B may be increased by not more than six (6) percent swing for cotton and man-made fiber textiles and by

not more than five (5) percent swing for wool textiles and textile products, provided that a corresponding reduction in square yards equivalent is made in one or more other specific limits during the same agreement period.

(E) Special shift of ten (10) percent shall be available between Categories 340/640 and 341/641. Should this special shift be utilized during an agreement year, swing will not be available for that agreement year for Categories 340/640 and 341/641.

(F) The Government of the Socialist Federal Republic of Yugoslavia will notify the Government of the United States through official channels when it wishes to use an unused quantity (shortfall) available in categories for carryover or when it wishes to use carryforward, subject to the provisions set out above. However, the Government of the United States may apply adjustments under this paragraph to any specific limit whenever that adjustment appears appropriate to facilitate the flow of trade and the sound administration of the Agreement. To the extent that such adjustments are actually utilized they will be implemented by means of carryover and carryforward in that order. Any unused carryforward will be re-credited to the following agreement period's limit. This procedure will not prejudice the outcome of any consultations between our governments concerning the amounts of flexibility available.

(G) The Government of the Socialist Federal Republic of Yugoslavia shall indicate to the Government of the United States the specific limits or sub-limits it would like to increase and which it would like decreased.

OVERSHIPMENT CHARGES

6. (A) Products of Yugoslavia shipped in excess of authorized limits in any agreement period may be denied entry into the United States. Any such shipments denied entry, may be permitted entry into the United States and charged to the applicable limit in the succeeding agreement

period. The Government of the United States shall inform the Government of the Socialist Federal Republic of Yugoslavia of any such charges.

(B) Products of Yugoslavia shipped in excess of applicable limits in any agreement period will, if allowed entry into the United States during that agreement period, be charged to the applicable limit in the succeeding agreement period.

(C) Any action taken pursuant to Paragraphs (A) and (B) above will not prejudice the rights of either side regarding consultations.

SPACING PROVISIONS

7. The Government of the Socialist Federal Republic of Yugoslavia shall space exports to the United States within each category or product evenly throughout each agreement period, taking into consideration normal seasonal factors.

U.S. ASSISTANCE IN IMPLEMENTATION OF THE LIMITATION PROVISIONS

8. The Government of the Socialist Federal Republic of Yugoslavia shall administer its export control system under this Agreement. The Government of the United States may assist the Government of the Socialist Federal Republic of Yugoslavia in implementing the limitation provisions of this Agreement by controlling imports of textiles and textile products covered by this Agreement.

EXCHANGE OF INFORMATION

9. With regard to fraud and circumvention, each government agrees to supply the other government any information within its possession which it reasonably believes to be necessary for the enforcement of this Agreement.

10. (A) The Government of the United States shall promptly supply the Government of the Socialist Federal Republic of Yugoslavia with data on monthly imports of cotton, man-made fiber, and wool textiles and textile

products into the United States from Yugoslavia.

(B) The Government of the Socialist Federal Republic of Yugoslavia shall promptly supply the Government of the United States with data on monthly exports of cotton, man-made fiber, and wool textiles and textile products from Yugoslavia to the United States.

(C) Each government agrees to promptly supply needed statistical data necessary to the implementation of this Agreement requested by the other government.

MUTUALLY SATISFACTORY ADMINISTRATIVE ARRANGEMENTS

11. Mutually satisfactory administrative arrangements or adjustments may be made to resolve minor problems arising in the implementation of this Agreement, including differences in points of procedure or operation.

CONSULTATIONS ON IMPLEMENTATION QUESTIONS

12. The Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia agree to consult upon the request of the other, on any question arising in the implementation of this Agreement.

RIGHT TO PROPOSE REVISIONS TO THE AGREEMENT

13. The Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia may at any time propose revisions to the terms of this Agreement. Each agrees to consult promptly with the other about such proposals with a view to making such revisions to this Agreement, or taking such other appropriate action as may be mutually agreed upon.

CONSULTATIONS IN CASE OF INEQUITY

VIS-A-VIS A THIRD COUNTRY

14. If the Government of the Socialist Federal Republic of Yugoslavia considers that, as a result of limitations specified in this Agreement, it is being placed in an inequitable position in relation to a third country, the Government of the Socialist Federal Republic of Yugoslavia may request consultations with the Government of the United States with a view of taking appropriate remedial

actions, such as a reasonable modification of this Agreement.

ARTICLE 3 PROCEDURES

15. For the duration of this Agreement, the Government of the United States shall not invoke the procedures of Article 3 of the Arrangement to request restraint on the exports of cotton, wool and man-made fiber textiles and textile products to the United States which are covered by this Agreement. The Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia reserve their rights under the Arrangement with respect to textiles and textile products not subject to this Agreement.

PROVISION FOR TEXTILE AGREEMENT

HARMONIZED COMMODITY CODE

16. (A) Both governments recognize that adoption by the Government of the United States of the Harmonized Commodity Code may result in some changes in the United States category system of textile products as presently covered by this Agreement. If such changes are made during the term of this Agreement, the Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia will consult with a view toward reaching a satisfactory resolution of issues concerning categories covered by this Agreement. The Government of the Socialist Federal Republic of Yugoslavia recognizes that should there be no resolution in such consultations, the Government of the United States reserves its rights to make such adjustments to Annexes A and B as necessary to bring it into conformity with the new category system and with the Harmonized Commodity Code. The intent of this conversion on the part of the United States Government will not be to diminish or alter overall trade in textiles with Yugoslavia.

(B) Consultations under this provision shall be conducted no later than 90 days before final adoption of the A-552

Harmonized Commodity Code by the Government of the United States.

COOPERATION IN CIRCUMVENTION

17. Both governments agree to cooperate to avoid circumvention of this Agreement.

VISA ARRANGEMENT

18. Both governments agree to remove the visa arrangement from the Agreement and establish a separate administrative arrangement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America. The visa arrangement shall be applied to those categories under restraint.

RIGHT TO TERMINATE THE AGREEMENT

19. Either government may terminate this Agreement, effective at the end of an agreement period, by written notice to the other government to be given at least ninety (90) days prior to the end of such agreement period.

ANNEXES

20. The Annexes of this Agreement shall be considered as an integral part thereof.

If the foregoing conforms with the understanding of the Government of the Socialist Federal Republic of Yugoslavia, this Note and your Government's Note of Confirmation shall constitute an extension of the Agreement between our two Governments.

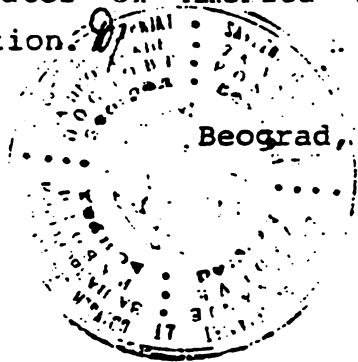
The Embassy of the United States of America avails itself of this opportunity to renew to the Federal Secretariat for Foreign Affairs of the Socialist Federal Republic of Yugoslavia the assurances of its highest consideration.

Embassy of the United States of America,
Belgrade, December 5, 1986."

The Federal Secretariat for Foreign Affairs of the Socialist Federal Republic of Yugoslavia has the honour to

inform the Embassy of the United States of America that the Federal Executive Council is agreed with the text of the above mentioned Note and that this Note and the Note of the Federal Secretariat for Foreign Affairs constitute the extension of the Agreement between the Federal Executive Council of the Assembly of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America concerning Trade in Certain Textile and Cotton, Wool and Man-Made fiber Textile Products.

The Federal Secretariat for Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.



Beograd,

December 1986

ANNEX A

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>CONVERSION FACTOR</u>	<u>UNIT OF MEASURE</u>
--Yarn			
- Man-Made Fibers			
604	Spun Non- cellulosic	4.1	LB.
--Apparel			
- cotton			
340	Shirts, N.K.	24.0	DZ.
341	Blouses, N.K.	14.5	DZ.
- Wool			
433	Suit-Type Coats M&B	36.0	DZ.
434	Other Coats, M&B	54.0	DZ.
435	Coats, W, G, & I	54.0	DZ.
442	Skirts	18.0	DZ.
443	Suits, M&B	54.0	DZ.
444	Suits, W, G, & I	54.0	DZ.
447	Trousers, Slacks & Shorts (Outer) M&B	18.0	DZ.
448	Trousers, Slacks & Shorts (Outer) W, G & I	18.0	DZ.
- Man-Made Fiber			
.640	Shirts, N.K.	24.0	DZ.

2.

641	Blouses, N.K	14.5	DZ.
643	Suits, M&B	54.0	DZ.
645	Sweaters, M&B	36.8	DZ.
646	Sweaters, W, G & I	36.8	DZ.
--Made-Ups and Misc.			
- Man-Made Fiber			
666	Other Furnishings	7.8	LB.

ANNEX B

<u>CATEGORY</u>	<u>UNIT</u>	AGREEMENT PERIOD		
		<u>1/1/87-</u> <u>12/31/87</u>	<u>1/1/88-</u> <u>12/31/88</u>	<u>1/1/89-</u> <u>12/31/89</u>
340/640	DZ.	360,400	382,024	404,945
341/641.	DZ.	235,000	249,100	264,046
433	DZ.	7,821	7,899	7,978
434	DZ.	8,671	8,758	8,846
435	DZ.	38,254	38,637	39,023
442	DZ.	10,750	10,858	10,967
443/643	DZ.	22,629	23,987	25,426
(443)	DZ.	8,500	8,585	8,671
444	DZ.	7,521	7,596	7,672
447/448	DZ.	47,945	48,424	48,908
(447)	DZ.	28,563	28,849	29,137
(448)	DZ.	28,563	28,849	29,137

<u>CATEGORY</u>	<u>UNIT</u>	AGREEMENT PERIOD		
		<u>11/1/86-</u> <u>12/31/87</u>	<u>1/1/88-</u> <u>12/31/88</u>	<u>1/1/89-</u> <u>12/31/89</u>
645/646	DZ.	128,333	116,600	123,596
666	LB.	2,216,667	2,014,000	2,134,840
604-A	LB.	700,000	636,000	674,160



A-558

A-558

SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

**Finance: Debt Rescheduling Under Certain Agricultural
Commodity and AID Loan Agreements**

*Memorandum of agreement relating to agricultural commodities
signed at Belgrade October 15, 1971;*

Entered into force October 15, 1971.

*Memorandum of agreement relating to AID loans signed at
Belgrade October 15, 1971;*

Entered into force March 30, 1972.

With exchange of aide-memoire

Signed at Washington October 1, 1971.

**MEMORANDUM OF AGREEMENT BETWEEN THE GOVERN-
MENT OF THE UNITED STATES OF AMERICA AND THE
GOVERNMENT OF YUGOSLAVIA REGARDING THE RE-
SCHEDULING OF CERTAIN PAYMENTS UNDER AGRI-
CULTURAL COMMODITIES AGREEMENTS**

1. Reference is made to the Agricultural Commodities Agreements^[1] between the Government of the United States of America and the Government of Yugoslavia under Title IV of the Agricultural Trade Development and Assistance Act, as amended, ^[2] listed in Annex A attached to this Agreement. Reference is made also to the AIDE MEMOIRE transmitted by the Government of the United States of America on October 1, 1971 and accepted by the Government of Yugoslavia on October 1, 1971 wherein agreement was reached on the rescheduling terms of certain debts of the Government of Yugoslavia.

2. In accordance with the AIDE MEMOIRE cited above, it is agreed that the dollar payment obligations for calendar years 1971 and 1972 as provided for in the agreements listed in Annex A to this Agreement shall be consolidated and paid as follows:

a. Total dollar payments on principal and contractual interest due and payable in 1971 amount to \$32,776,150.31. Payments made thus far in 1971 by the Government of Yugoslavia amount to \$5,799,981.01. The balance of \$26,976,169.30 shall be consolidated and rescheduled under the terms set out in paragraphs b and c below and shall be referred to as the Consolidated Amount.

¹ For citations, see annex A, facing p. 224.

² 80 Stat. 1585; 7 U.S.C. § 1731-1736.

[Footnotes added by the Departments of State.]

Total dollar payments on principal and contractual interest due and payable in 1972 amount to \$32,621,484.24. Ten percent of these payments shall be consolidated and paid on December 31, 1972. The balance of \$29,359,335.82 shall be consolidated and rescheduled under the terms set out in paragraphs b and c below and shall be referred to as the Consolidated Amount.

b. The 1971 Consolidated Amount of \$26,976,169.30 shall be paid in ten equal annual installments beginning December 31, 1973 as shown in column 1 of Annex B. The 1972 Consolidated Amount of \$29,359,335.82 shall be paid in ten equal annual installments beginning December 31, 1974 as shown in column 1 of Annex C.

c. Consolidated Interest shall accrue and be paid annually at the rate of 5 percent per annum beginning January 1, 1972 on the declining balance of the Consolidated Amount of \$26,976,169.30 as shown in column 2 and computed in column 3 of Annex B, payable annually beginning December 31, 1972. Consolidation Interest shall be paid at the rate of 5 percent per annum beginning January 1, 1973 on the declining balance of the Consolidated Amount of \$29,359,335.82 as shown in column 2 and computed in column 3 of Annex C, payable annually beginning December 31, 1973. Interest for any periods under a year that may occur shall be computed on a 365-day year, actual number-of-days' basis.

3. Annex A lists the several Agricultural Commodities Agreements and the amounts due thereunder. Annexes B, C, and D set forth the revised payments resulting from this rescheduling.

4. All payments of the Consolidated Amounts and of Consolidation Interest shall be made on due dates of December 31 during each year of the repayment period. All existing contractual payments from January 1, 1973 are not affected by this Agreement and shall be due and payable on existing contractual due dates.

5. To the extent not amended herein, the terms and conditions of the Agreements listed in Annex A, including all local currency payments, shall remain in full force and effect.

6. All payments under this Agreement shall be made in the same manner as those non-rescheduled payments made under the Agreements listed in Annex A.

TIAS 7298

7. Done at Belgrade, in duplicate, this fifteenth day of October, 1971.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

WILLIAM LEONHART

*Ambassador of the
United States of America*

FOR THE GOVERNMENT OF YUGOSLAVIA

JANKO SMOLE

Federal Secretary for Finance

TIAS 7298

YUGOSLAVIA—PUBLIC LAW 400, TITLE IV AGREEMENTS
PAYMENTS FALLING DUE IN 1971 AND 1972

ANNEX A

Date of Agreement (1)	Agreement Identification (2)	Principal Balance as of 12/31/70 (3)	Payments Due in 1971		Payments Due in 1972		Original Credit Terms (10)		
			Principal (4)	Interest (5)	Principal (7)	Interest (8)			
1. April 21, 1962(1)	Cotton, Oil Seed Meal Cake, Tallow, Peasbean Cotton Seed Oil, Soybean Oil, Dry Edible Beans, Cotton	\$10,300,000.07	\$2,725,034.64	\$760,000.00	\$3,311,113.44	\$2,915,421.81	\$072,300.47	15 annual payments; 1st payment due 12/31/63 on 1963 deliveries; 1st payment due 12/31/64 on 1965 deliveries; interest 4% (1)	
2. April 27, 1964(1)	Cotton	20,735,821.63	1,800,314.11	710,018.10	2,616,561.31	2,023,624.80	\$20,434.80	14 annual payments; 1st payment 12/31/66; interest 3.5% (1)	
3. April 28, 1964(1)	Wheat	2,326,766.65	1,103,303.33	93,070.95	1,230,373.28	1,163,393.32	67,680.87	3 annual payments; 1st payment 12/31/65; interest 4.5% (1)	
4. October 28, 1964(1)	Tallow, Wheat	21,176,042.33	1,642,162.60	741,126.46	2,383,289.06	1,642,162.60	663,650.79	17 annual payments; 1st payment on 1st year's shipment due 12/30/66 and on 2nd year's shipment 6/1/67; interest 3.5% (1)	
5. October 29, 1964(1)	Wheat	1,312,085.27	650,692.65	52,519.41	709,012.06	650,492.66	24,239.71	3 annual payments; 1st payment on 1st year's shipment 12/19/65 and on 2nd year's shipment 4/13/66; interest 4% (1)	
6. March 16, 1965(1)	Wheat	28,808,067.56	6,897,310.97	1,134,027.95	3,831,338.92	6,030,411.82	939,237.26	4,076,648.66	12 annual payments; 1st payment due 12/31/65; interest 4% (1)
7. July 16, 1965(1)	Boys Brown Oil, Cotton	15,654,387.15	2,023,070.32	540,676.08	2,565,746.40	2,101,614.19	467,280.46	2,638,003.65	12 annual payments; 1st payment due 12/31/65; interest 3.5% (1)
8. November 22, 1965(1)	Wheat	72,960,520.87	8,146,923.18	2,534,318.54	10,701,241.72	6,146,023.18	2,289,176.23	10,416,099.41	1st 2 payments 1/13 or 31,000,000.00 whichever is lower; balance in 10 annual payments; 1st payment on first year's shipment due 12/31/67 and on 2nd year's shipment 6/17/68; interest 3.5% (1)
9. April 11, 1967(1)	Cotton, Boys Beans Oil	22,446,308.72	2,411,740.09	787,722.01	3,109,472.00	2,411,740.09	703,311.69	3,116,060.78	1st 2 payments 1/13 or 31,000,000.00 whichever is lower; balance in 10 annual payments; 1st payment on 1st year's shipment due 12/31/68 and on 2nd year's shipment 7/2/69; interest 3.5% (1)
Total		206,400,042.87	25,364,640.90	7,411,500.32	32,776,150.31	26,190,793.77	6,460,680.47	32,631,464.24	

* Payments due 12/31/68 and 12/31/69 were reduced in previous rescheduling to \$250,000.00 each. Balance to be paid in four installments on June 30th of each year beginning in 1971.
* Payments due in 1966 were reduced in previous rescheduling to \$375,000.00 each on April 28 and October 29 agreements. Balance to be paid in 5 installments beginning the following year:
* TIAB 5008: 13 US\$T 452.
* TIAB 5009: 16 US\$T 987.
* TIAB 5010: 16 US\$T 987.
* TIAB 5011: 16 US\$T 389.
* TIAB 5084: 15 US\$T 2051.
* TIAB 5085: 15 US\$T 2051.
[Numbered footnotes added by the Department of State.]

ANNEX B
YUGOSLAVIA—PUBLIC LAW 480 LONG-TERM CREDIT AGREEMENTS
SCHEDULE OF PAYMENTS OF CONSOLIDATED PRINCIPAL AND INTEREST
RESCHEDULED FOR PAYMENTS DUE IN CALENDAR YEAR 1971

Due Dates	Repayment of Consolidated Amount (1)		Payment of Consolidation Interest of 5% per annum On Balance of Consolidated Amount in Column 2 (2) (3)		Total (Columns 1+3)
	Amount Paid	Balance			
December 31, 1972	\$ -0-	\$26,976,169.30	\$1,348,808.47	\$1,348,808.47	\$1,348,808.47
December 31, 1973	2,697,616.93	24,278,552.37	1,348,808.47	4,046,425.40	4,046,425.40
December 31, 1974	2,697,616.93	21,580,935.44	1,213,927.62	3,911,544.55	3,911,544.55
December 31, 1975	2,697,616.93	18,883,318.51	1,079,046.77	3,776,863.70	3,776,863.70
December 31, 1976	2,697,616.93	16,185,701.58	944,165.93	3,641,782.86	3,641,782.86
December 31, 1977	2,697,616.93	13,488,084.65	809,285.08	3,506,902.01	3,506,902.01
December 31, 1978	2,697,616.93	10,790,467.72	674,404.23	3,372,021.16	3,372,021.16
December 31, 1979	2,697,616.93	8,092,850.79	539,523.39	3,237,140.32	3,237,140.32
December 31, 1980	2,697,616.93	5,395,233.86	404,642.54	3,102,259.47	3,102,259.47
December 31, 1981	2,697,616.93	2,697,616.93	269,761.69	2,967,378.62	2,967,378.62
December 31, 1982	2,697,616.93	-0-	134,880.85	2,832,497.78	2,832,497.78
Totals	\$26,976,169.30		\$6,767,255.04	\$35,743,424.34	

* Column 3 represents Consolidation Interest at 5% per annum accruing as of January 1, 1972 and payable annually during 1972-1982 based on the outstanding balance of the Consolidated Amount declining in accordance with Column 2.

• For any periods under a year, interest is computed on a 365-day year, number-of-days basis.

* The Consolidated Amount represents the \$32,776,150.31 original contractual amount due in calendar year 1971 less the \$2,331,976.24 received April 13 and May 14, 1971 under the October 28 and 29, 1964 agreements and \$3,468,004.77 unallocated payments received June 30 and July 2, 1971, for a balance of \$26,976,169.30.

STAT 7298

ANNEX C

**YUGOSLAVIA—PUBLIC LAW 480 LONG-TERM CREDIT AGREEMENTS
SCHEDULE OF PAYMENTS OF CONSOLIDATED PRINCIPAL AND INTEREST
RESCHEDULED FOR PAYMENTS DUE IN CALENDAR YEAR 1972**

Due Dates	Repayment of Consolidated Amount (a)		Payment of Consolidation Interest of 5% per annum On Balance of Consolidated Amount in Column 2 (b) (c)	Totals (Columns 1+3) (4)
	(1) Amount Paid	(2) Balance		
December 31, 1973	\$ -0-	\$29,359,335.82	\$1,467,966.79	\$1,467,966.79
December 31, 1974	2,935,933.58	26,423,402.24	1,467,966.79	4,403,900.37
December 31, 1975	2,935,933.58	23,487,468.66	1,321,170.11	4,257,103.69
December 31, 1976	2,935,933.58	20,551,535.08	1,174,373.43	4,110,307.01
December 31, 1977	2,935,933.58	17,615,601.50	1,027,576.75	3,693,510.33
December 31, 1978	2,935,933.58	14,679,667.92	880,780.08	3,816,713.66
December 31, 1979	2,935,933.58	11,743,734.34	733,983.40	3,669,916.98
December 31, 1980	2,935,933.58	8,807,800.76	587,186.72	3,523,120.30
December 31, 1981	2,935,933.58	5,871,867.18	440,390.04	3,376,323.02
December 31, 1982	2,935,933.59	2,935,933.59	293,503.36	3,229,526.95
December 31, 1983	2,935,933.59	-0-	146,796.68	3,082,730.27
Totals	\$29,359,335.82		\$9,541,784.15	\$38,901,119.97

1973-1983 based on the outstanding balance of the Consolidated Amount declining in accordance with Column 2.

* For any periods under a year, interest is computed on a 305-day year, number-of-days' basis.

* The Consolidated Amount in Column 2 represents 90 per cent of \$32,621,484.24 or \$29,359,335.82, consisting of \$26,160,793.77 principal and \$6,460,690.47 interest.

† Column 3 represents Consolidation Interest of 5% per annum accruing as of January 1, 1973 and payable annually during

YUGOSLAVIA—PUBLIC LAW 480 LONG-TERM CREDIT AGREEMENTS
PAYMENTS DUE UNDER THE RESCHEDULING FOR CALENDAR YEARS 1971 AND 1972

ANNEX D

Due	Combined Payments Before Rescheduling (1)	Consolidated Amounts (2)	Repayment Schedule		Total Due (5)
			for 1971 Consol- idated Amount [•] (3)	for 1972 Consol- idated Amount [•] (4)	
Calendar Year 1971	\$32,776,150.31	\$20,976,169.30	\$ -0-	\$ -0-	\$5,799,981.01 [•]
Calendar Year 1972	32,621,484.24	29,359,335.82	1,348,808.47	-0-	4,010,956.89 [•]
Calendar Year 1973	30,615,976.72 [•]		4,046,425.40	1,407,066.70	36,130,368.91
Calendar Year 1974	32,034,775.34		3,911,544.55	4,403,000.37	40,350,220.26
Calendar Year 1975	24,778,316.55		3,776,063.70	4,257,103.89	32,812,083.94
Calendar Year 1976	24,008,691.15		3,641,782.80	4,110,307.01	31,760,781.02
Calendar Year 1977	19,507,997.12		3,506,902.01	3,963,510.33	27,038,409.46
Calendar Year 1978	17,846,405.72		3,372,021.16	3,816,713.66	25,035,140.54
Calendar Year 1979	14,255,227.84		3,237,140.32	3,609,910.98	21,162,285.14
Calendar Year 1980	4,370,803.61		3,102,259.47	3,523,120.30	10,996,183.38
Calendar Year 1981	3,431,688.47		2,967,378.62	3,376,323.62	9,775,290.71
Calendar Year 1982	3,321,022.03		2,832,497.78	3,220,526.95	9,383,046.70
Calendar Year 1983	1,520,506.89		-0-	3,082,730.27	4,603,237.10
Totals	\$241,148,945.99	\$50,335,505.12	\$35,743,424.34	\$38,901,119.97	\$259,457,985.18

• Consolidated Amounts rescheduled under this Agreement are due and payable on December 31 of each year of the repayment period.

• Includes \$3,262,148.42 or 10 percent of \$32,621,484.24 due in 1972, which is not to be rescheduled.

• Represents amounts paid on April 13, May 14, June 30 and July 2, 1971.

• Payments after 1972 which have not been rescheduled under this Agreement are due and payable on the existing contractual due dates of each year beginning with 1973.

TIA8 7298

MEMORANDUM OF AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF YUGOSLAVIA REGARDING THE RESCHEDULING OF CERTAIN PAYMENTS UNDER VARIOUS AID LOANS

1. Reference is made to the AID loans between the Government of the United States of America and the Government of Yugoslavia, listed in Annex A attached to this Agreement. Reference is also made to the AIDE MEMOIRE transmitted by the Government of the United States of America on October 1, 1971 and accepted by the Government of Yugoslavia on October 1, 1971 wherein agreement was reached on the rescheduling terms of certain debts of the Government of Yugoslavia.

2. In accordance with the AIDE MEMOIRE cited above, it is agreed that the dollar payment obligations as provided for in the agreements [1] listed in Annex A to this Agreement shall be modified as follows:

a. Total dollar payments on principal and contractual interest due and payable in 1971 amount to \$1,590,774.15. Payments made thus far in 1971 by the Government of Yugoslavia amount to \$796,129.61. The balance of \$794,644.54 shall be consolidated and rescheduled under the terms set out in paragraphs b and c below and shall be referred to as the Consolidated Amount.

Total dollar payments on principal and contractual interest due and payable in 1972 amount to \$1,585,494.93. Ten percent of these payments amounting to \$158,549.49 shall be paid as due under the agreements listed in Annex A. The balance of \$1,426,945.44 shall be consolidated and rescheduled under the terms set out in paragraphs b and c below and shall be referred to as the Consolidated Amount.

b. The 1971 Consolidated Amount of \$794,644.54 shall be paid in ten equal annual installments beginning December 31, 1973 as shown in column 1 of Annex B. The 1972 Consolidated Amount of \$1,426,945.44 shall be paid in ten equal annual installments beginning December 31, 1974 as shown in column 1 of Annex C.

c. Consolidation Interest shall accrue and be paid annually at the rate of 5 percent per annum beginning January 1, 1972 on the declining balance of the Consolidated Amount of \$794,644.54 as shown in column 2 and computed in column 3 of Annex B, payable annually beginning December 31, 1972. Consolidation Interest shall accrue and be paid at the rate of 5 percent per annum beginning January 1, 1973 on the declining balance of the Consolidated Amount of \$1,426,945.44 as shown in column 2 and computed in column 3 of Annex C, payable annually beginning December 31, 1973. Interest

¹ Not printed. [Footnote added by the Department of State.]

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for any periods under a year that may occur shall be computed on a 365-day year, actual number-of-days' basis.

3. Annex A lists the several AID loans, and the amounts due thereunder. Annexes B, C, and D set forth the revised payments resulting from this rescheduling.

4. All payments of the Consolidated Amounts and of Consolidation Interest shall be made on due dates of December 31, during each year of the repayment period. Payment of the 10 percent unrescheduled amount for 1972 as stipulated in paragraph 2a above shall be made on existing contractual due dates. All existing contractual payments from January 1, 1973 are not affected by this Agreement and shall be due and payable on existing contractual due dates.

5. This Agreement shall be deemed to be a contract made under the laws of the District of Columbia, United States of America and shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

6. This Agreement shall become effective only after the Government of Yugoslavia furnishes to the Government of the United States, in the form and substance satisfactory to the Government of the United States, a legal opinion of the Secretary of the Federal Executive Council of Yugoslavia or of other counsel acceptable to the Government of the United States, that this Agreement has been duly authorized or ratified by and executed and delivered on behalf of the Government of Yugoslavia and constitutes a valid and binding obligation of the Government of Yugoslavia in accordance with its terms.¹

7. To the extent not amended herein, the terms and conditions of the Agreements listed in Annex A, including all local currency payments, shall remain in full force and effect.

8. All payments under this Agreement shall be made in the same manner as those unrescheduled payments made under the Agreements listed in Annex A.

9. Done at Belgrade, in duplicate, this fifteenth day of October, 1971.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

WILLIAM LEONHART

*Ambassador of the
United States of America*

FOR THE GOVERNMENT OF YUGOSLAVIA

JANKO SMOLE

Federal Secretary for Finance

¹ Mar. 30, 1972. [Footnote added by the Department of State.]

ANNEX A

YUGOSLAVIA—AID AGREEMENTS
DOLLAR PAYMENTS FALLING DUE IN CALENDAR YEARS 1971 AND 1972

Agreement Identification Date and No. (1)	Purpose (2)	Payments Due in 1971		Total (6)	Payments Due in 1972		Total (8)	Original Credit Terms (9)
		Principal (3)	Interest (4)		Principal (5)	Interest (7)		
1. 188-A-008 Jan. 8, 1959	Fertilizer Plant	\$332,403.03	\$173,736.33	\$506,200.26	\$351,000.84	\$165,100.40	\$506,200.24	Repayable in 30 semi-annual install- ments beginning 12/1/59; interest 3 1/2%; dollar payments shown in this Annex represent 25% of princi- pal and interest due (balance in local currency).
2. 188-A-012 Dec. 17, 1959	Hydroelectric power	-	94,070.06	94,070.06	-	89,021.33	89,021.33	Repayable in 49 semi-annual install- ments beginning 1/27/62; interest 3 1/2%; payments shown in this Annex represent 25% of interest payments due (balance of interest and 100% of principal in local currency).
3. 188-A-014 June 23, 1960	Diesel Locomotives	297,336.03	63,320.34	359,659.27	307,630.83	42,760.91	359,659.76	Repayable in 30 semi-annual install- ments beginning 6/10/61; interest 3 1/2%; payments shown in this Annex represent 25% of principal and interest due (balance in local currency).
4. 188-A-018 Sept. 16, 1960	Plastics, chemicals	476,002.41	164,776.65	639,637.06	602,771.17	130,403.43	639,678.60	Repayable in 30 semi-annual install- ments beginning 8/9/61; interest 3 1/2%; payments shown in this Annex represent 25% of principal and interest payments (balance in local currency).
Total		\$1,104,865.27	\$465,908.68	\$1,599,774.15	\$1,191,608.66	\$423,686.07	\$1,595,494.93	
Not subject to rescheduling		\$45,822.28 ^(a)	250,007.36 ^(a)	796,129.61 ^(a)	116,100.86 ^(b)	42,366.61 ^(a)	168,649.49 ^(a)	
Subject to rescheduling		\$659,243.02	\$235,901.52	\$794,644.54	\$1,045,447.98	\$381,497.46	\$1,426,945.44	

^a Represents payments already made in 1971. These payments are listed in footnote (b) of Annex D.

^b Represents 10 per cent of total payments due in 1972 which are not subject to rescheduling.

ANNEX B
YUGOSLAVIA—REVISED SCHEDULE OF
DOLLAR PAYMENTS ON AID LOANS DUE IN CALENDAR 1971

Due Dates	Repayment of Consolidated Amount[*]		Payment of Consolidation Interest at 5% per annum on Balance of Consolidated Amount in Column 2 [†][*]		Total (Columns 1+3)
	(1) Amount Paid	(2) Balance	(3)	(4)	
December 31, 1972	\$ -0-	\$704,644.54	\$39,732.23	\$ 39,732.23	
December 31, 1973	70,464.45	715,180.09	39,732.23	119,196.68	
December 31, 1974	79,464.45	635,715.64	35,759.00	115,223.45	
December 31, 1975	70,464.45	556,251.19	31,785.78	111,250.23	
December 31, 1976	70,404.45	476,786.74	27,812.50	107,277.01	
December 31, 1977	70,464.45	397,322.29	23,839.34	103,303.79	
December 31, 1978	79,464.45	317,857.84	19,860.11	99,330.56	
December 31, 1979	70,464.40	238,393.38	15,892.89	95,357.35	
December 31, 1980	70,464.46	158,928.92	11,910.67	91,384.13	
December 31, 1981	70,464.46	79,464.46	7,946.45	87,410.91	
December 31, 1982	70,464.46	-0-	3,973.22	83,437.68	
Totals	\$794,644.54		\$258,250.48	\$1,052,904.02	

* The Consolidated Amount represents total payments due in 1971 of \$1,500,774.15 less \$796,129.61 paid, leaving a balance of \$794,644.54 consisting of \$550,343.02 principal and \$235,301.52 interest.

† Column 3 represents Consolidation Interest at 5 percent per annum accruing as of January 1, 1972 and payable annually during 1972-1982 based on the outstanding balance of the Consolidated Amount declining in accordance with Column 2.

* For any periods under a year, interest is computed on a 365-day year, number-of-days' basis.

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ANNEX C
YUGOSLAVIA—REVISED SCHEDULE OF
DOLLAR PAYMENTS ON AID LOANS DUE CALENDAR YEAR 1972

Due Dates	Repayment of Consolidated Amount [•]		Payment of Consolidation Interest at 5% per annum on Balance of Consolidated Amount in Column 2 [b]c		Total (Columns 1+3) (4)
	(1) Amount Paid	(2) Balance	(3)	(4)	
December 31, 1973	\$ -0-	\$1,426,945.44	\$71,347.27	\$71,347.27	\$71,347.27
December 31, 1974	142,694.54	1,284,250.90	71,347.27	214,041.81	214,041.81
December 31, 1975	142,694.54	1,141,556.36	64,212.55	206,907.09	206,907.09
December 31, 1976	142,694.54	998,861.82	57,077.82	199,772.30	199,772.30
December 31, 1977	142,694.54	856,167.28	49,943.09	192,637.03	192,637.03
December 31, 1978	142,694.54	713,472.74	42,808.36	185,502.90	185,502.90
December 31, 1979	142,694.54	570,778.20	35,673.64	178,368.18	178,368.18
December 31, 1980	142,694.55	428,083.65	28,538.91	171,233.46	171,233.46
December 31, 1981	142,694.55	285,389.10	21,404.18	164,098.73	164,098.73
December 31, 1982	142,694.55	142,694.55	14,269.46	156,964.01	156,964.01
December 31, 1983	142,694.55	-0-	7,134.73	149,829.28	149,829.28
Totals	\$1,426,945.44		\$463,757.28	\$1,890,702.72	\$1,890,702.72

* The Consolidated Amount represents total payments due in 1972 of \$1,585,494.93, of which 90 percent is \$1,426,945.44, consisting of \$1,045,447.97 principal and \$381,497.47 interest.

† Column 3 represents Consolidation Interest of 5 percent per annum accruing as of January 1, 1973, and payable annually

during 1973-1983 based on the outstanding balance of the Consolidated Amount declining in accordance with Column 2.

* For any periods under a year, interest is computed on a 365-day year, number-of-days' basis.

ANNEX D

YUGOSLAVIA—REVISED SCHEDULE OF
DOLLAR PAYMENTS ON AID LOANS DUE IN CALENDAR YEARS 1971 AND 1972

Calendar Year	Combined Payments Before Rescheduling		Consolidated Amounts	Repayment Schedule for 1971 Consolidated Amounts [a]		Repayment Schedule for 1972 Consolidated Amount [a]		Total Due
	(1)	(2)		(3)	(4)	(5)		
Calendar Year 1971	\$1,590,774.15	\$794,644.54	\$	-0-	\$	-0-	\$790,129.61 [b]	
Calendar Year 1972	1,585,494.93	1,426,945.44		39,732.23		-0-	198,281.72 [c]	
Calendar Year 1973	1,580,324.65 [d]			119,196.68		71,347.27	1,770,868.60	
Calendar Year 1974	1,574,926.54			115,223.45		214,041.81	1,904,191.80	
Calendar Year 1975	1,569,239.66			111,250.23		206,907.09	1,887,396.98	
Calendar Year 1976	893,124.67			107,277.01		199,772.36	1,200,174.04	
Calendar Year 1977	567,303.64			103,303.79		192,637.63	863,245.06	
Calendar Year 1978	561,097.29			99,330.56		185,502.90	845,930.75	
Calendar Year 1979	48,496.13			95,357.35		178,368.18	322,221.66	
Calendar Year 1980	41,857.08			91,384.13		171,233.46	304,474.67	
Calendar Year 1981	34,983.64			87,410.91		164,098.73	286,493.28	
Calendar Year 1982	27,867.51			83,437.68		156,964.01	268,269.20	
Calendar Year 1983	20,500.15			-0-		149,829.28	170,329.43	
Total	\$10,095,990.04 [a]	\$2,221,589.98		\$1,052,004.02		\$1,890,702.72	\$10,818,000.80	

^a Consolidated Amounts rescheduled under this Agreement are due and payable on December 31 of each year of the repayment period.

^b Consists of the following payments made in 1971:

Loan	Principal	Interest	Total	When Paid
158-A-009	\$163,977.28	\$99,122.85	\$263,100.13	June 8
158-A-010		47,668.94	47,668.94	January 27
158-A-011	147,879.09	27,990.99	175,870.08	June 23
158-A-012	234,168.08	85,534.58	319,702.66	February 9
Total	\$545,922.28	\$250,907.36	\$796,829.64	

No further payments are due in 1971 under this Agreement.

^c Consists of \$158,549.49 representing the 10 percent unscheduled amounts due and payable in 1972 on contractual due dates, and \$39,732.23 in payment of Consolidated Interest on the 1971 Consolidated Amount on December 31, 1972.

^d Payments after 1972 which have not been rescheduled under this Agreement are due and payable on the existing contractual due dates of each year beginning with 1973.

^e Loan 158-A-013, service on which is included in column 1, is not fully disbursed; when fully disbursed, future interest payments will be somewhat higher than shown in column 1 (all principal payments on this loan are due in local currency).

TIAS 7238

[EXCHANGE OF AIDE-MEMOIRE]

Aide-Memoire

1. In accordance with the understandings reached with Finance Minister Smole during his discussions with United States Government officials in Washington (April 12 to 16, 1971), the United States Government is prepared to consolidate and reschedule portions of certain payments totaling \$68,573,903.63, representing principal and contractual interest dollar payments due in calendar years 1971 and 1972 on Public Law 480, Title IV agreements and on loans extended by AID and its predecessor agencies. The payments due on PL-480 and AID account shall be consolidated and rescheduled separately. Local currency payments if any due to these agencies are not affected by this Agreement. The total dollar payments due and payable in these two years to both agencies which shall be consolidated and rescheduled amount to \$58,557,095.10.

Tables summarizing the payments subject to consolidation and rescheduling are appended to this Aide-Memoire.

2. The following terms are to be applied to this rescheduling:

a. Payments to be Rescheduled

All dollar payments due in calendar years 1971 and 1972 on PL-480, Title IV agreements and on loans extended by AID and its predecessor agencies shall be rescheduled except: (1) dollar payments of principal and contractual interest made by the Government of Yugoslavia through July 2, 1971 totaling \$6,596,110.62; and (2) 10 percent of principal and contractual interest dollar payments due on PL-480 and AID account in 1972 totaling \$3,420,697.91. The aggregate excepted from rescheduling therefore is \$10,016,808.53.

b. Repayments of Consolidated Amounts

Payments of principal and contractual interest to be rescheduled under paragraph a shall be consolidated separately in calendar years 1971 and 1972 and shall be termed respectively the Consolidated Amount for the calendar year of 1971 and the Consolidated Amount for the calendar year of 1972. The resulting Consolidated Amount for the calendar year of 1971 is to be repaid in ten equal consecutive annual installments beginning December 31, 1973 and terminating December 31, 1982. The resulting Consolidated Amount for the calendar year of 1972 is to be repaid in ten equal consecutive annual installments beginning December 31, 1974 and terminating December 31, 1983.

c. Consolidation Interest

The Consolidation Interest rate to be applied on the Consolidated Amounts shall be 5 percent per annum payable annually. Consolidation Interest shall begin to accrue on the 1971 Consolidated Amount on January 1, 1972 with the first payment due and payable on December 31, 1972. Consolidation Interest shall begin to accrue on the 1972 Consolidated Amount on January 1, 1973 with the first payment due and payable on December 31, 1973. Interest for any periods under a year that may occur will be computed on a 365-day year, actual number-of-days' basis.

3. The Government of Yugoslavia will make every possible effort to obtain financial assistance on satisfactory terms from other major creditors. The Government of the U.S. retains the right to consult with the Government of Yugoslavia on the terms of this rescheduling if, in the judgment of the Government of the United States, such efforts are not successful.

4. This rescheduling shall become operative after the Governments of Yugoslavia and the United States have executed Memoranda of Agreement, separately for PL-480 and AID credits, outlining the details of the consolidation and rescheduling of dollar debts owed respectively to the Department of Agriculture and the Agency for International Development.

5. The United States Government asks that the Government of Yugoslavia confirm its acceptance of the terms proposed herein and its concurrence in the amounts owing on the subject debts. Thereafter, the United States Embassy in Belgrade will provide the appropriate documents to effect the rescheduling of the particular debts described herein.

PHILIP H. TREZISE

Enclosures:

1. Annex A
2. Annex B

DEPARTMENT OF STATE,
WASHINGTON, October 1, 1971

TIAS 7298

ANNEX A

**SUMMARY OF RESCHEDULING ON YUGOSLAVIA'S
PL-480 AND AID DOLLAR OBLIGATIONS IN
CALENDAR YEARS 1971 AND 1972
(In dollars)**

A. <u>Total Payments Due:</u>	
1. <u>1971</u>	
a. PL-480	32,776,150.31
b. AID	1,590,774.15
c. Sub-total	<u>34,366,924.46</u>
2. <u>1972</u>	
a. PL-480	32,621,484.24
b. AID	1,585,494.93
c. Sub-total	<u>34,206,979.17</u>
3. <u>Total Due 1971 and 1972</u>	
a. PL-480	65,397,634.55
b. AID	3,176,269.08
c. Sub-total	<u>68,573,903.63</u>
B. <u>Unrescheduled Payments</u>	
1. <u>PL-480</u>	
a. payments already made in 1971	5,799,981.01
b. 10 percent of 1972 payments	3,262,148.42
c. Sub-total	<u>9,072,129.43</u>
2. <u>AID</u>	
a. payments already made in 1971	796,129.61
b. 10 percent of 1972 payments	158,549.49
c. Sub-total	<u>954,679.10</u>
3. <u>PL-480 plus AID</u>	
a. PL-480	9,062,129.43
b. AID	954,679.10
c. Sub-total	<u>10,016,808.53</u>
C. <u>Payments to be Consolidated and Rescheduled (A-B)</u>	
a. PL-480	56,335,505.12
b. AID—	2,221,589.98
c. Sub-total	<u>58,557,095.10</u>

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ANNEX B
YUGOSLAVIA—REVISED SCHEDULE OF PAYMENTS
RESULTING FROM RESCHEDULING OF CERTAIN DOLLAR
PAYMENTS DUE IN CALENDAR YEARS 1971 AND 1972

Due Calendar Year	Existing Schedule of Dollar Payments			Repayment Schedule for 1971 and 1972 Consolidated Amounts (a)			Revised Schedule of Dollar Payments After 1971 and 1972 Rescheduling		
	(1) PL-480	(2) AID	(3) Total (1+2)	(4) PL-480	(5) AID	(6) Total (4+5)	(7) PL-480	(8) AID	(9) Total (7+8)
Calendar Year 1971	\$32,774,160.31	\$1,500,774.15	\$34,274,934.46	\$	\$	\$	\$5,799,991.01	\$704,129.61	\$6,504,110.62 ^(b)
Calendar Year 1972	32,021,464.34	1,583,404.03	33,604,868.37	0	30,732.23	1,359,640.70	4,610,934.99	196,261.72	4,807,236.81 ^(b)
Calendar Year 1973	30,815,974.78 ^(c)	1,590,324.65	32,406,300.43	0,814,392.19	190,543.95	5,704,936.14	36,190,356.91	1,770,868.60	37,961,225.51 ^(b)
Calendar Year 1974	32,034,714.34	1,574,924.54	33,609,638.88	0,315,444.92	223,264.26	5,538,709.18	40,330,220.26	1,904,191.60	42,234,411.86
Calendar Year 1975	24,775,314.43	1,560,220.66	26,335,535.09	0,032,767.99	816,167.32	8,351,924.31	32,812,063.94	1,687,394.98	34,499,458.92
Calendar Year 1976	24,808,601.15	903,124.67	25,711,725.82	7,762,069.87	307,049.37	8,069,119.24	31,760,781.02	1,200,174.04	32,960,955.06
Calendar Year 1977	19,867,907.12	867,903.64	20,735,810.76	7,470,412.34	205,941.42	7,676,353.76	27,036,409.46	663,245.06	27,700,654.52
Calendar Year 1978	17,846,403.72	561,021.29	18,407,425.01	7,189,734.82	273,723.63	7,463,458.45	25,035,140.54	846,630.78	25,881,771.29
Calendar Year 1979	14,255,227.84	45,009.12	14,300,236.96	6,907,052.30	273,723.63	7,180,775.93	21,163,263.14	\$22,721.66	21,185,984.80
Calendar Year 1980	4,370,903.81	41,857.06	4,412,760.87	0,625,379.17	262,617.59	8,682,997.36	10,049,163.26	304,474.67	10,353,637.93
Calendar Year 1981	3,431,568.47	34,963.64	3,466,532.11	0,343,702.24	231,800.84	5,695,211.68	9,775,200.71	294,493.26	10,069,693.97
Calendar Year 1982	2,321,022.03	27,867.51	2,348,889.54	0,002,024.72	240,401.66	2,589,450.40	9,383,048.74	268,269.20	9,651,318.90
Calendar Year 1983	1,820,504.99	20,500.15	1,841,005.14	0,052,730.27	149,829.28	2,044,559.55	4,603,237.16	170,320.43	4,773,577.59
Totals	\$241,146,945.99	\$10,093,990.04	\$251,240,936.03	\$74,644,544.31	\$2,943,604.74	\$77,588,151.05	\$259,457,965.18	\$10,818,008.60	\$270,276,973.78

^a Consolidated Amounts rescheduled under this Agreement are due and payable on December 31 of each year of the repayment period.

^b Represents payments made through July 2, 1971.

^c Represents 10 percent unrescheduled amounts in 1972 totaling \$3,420,677.91 plus Consolidation Interest due and payable in 1972 on the rescheduling of the 1971 Consolidated Amounts totaling \$1,389,640.70.

^d All payments that are not rescheduled are due on the existing contractual due date except that the 10 percent of payments due on P.L-480 account in 1972 are due and payable on the rescheduling repayment date of December 31 for that year.

Aide-Memoire

1. The Government of the Socialist Federal Republic of Yugoslavia acknowledges the receipt of the Aide Memoire of the Government of the United States of America, dated October 1, 1971, outlining the agreement reached on rescheduling payments in calendar years 1971 and 1972 on Public Law 480, Title IV agreements and on loans extended by AID and its predecessors agencies.
2. The Government of the Socialist Federal Republic of Yugoslavia confirms herewith its acceptance of the terms proposed in the Aide Memoire mentioned above and its concurrence in the amounts owing on the subject debts described therein.

WASHINGTON, D.C., *October 1, 1971*

JANKO SMOLE



DEPARTMENT OF THE TREASURY
WASHINGTON

SWAP AGREEMENT BETWEEN THE UNITED STATES TREASURY
AND THE NARODNA BANKA JUGOSLAVIJE

I. The United States Treasury Exchange Stabilization Fund (the "Fund"), with the Federal Reserve Bank of New York (the "FRBNY") acting as fiscal agent, is prepared to extend to the Narodna Banka Jugoslavije (the "Bank") a drawing facility aggregating not more than fifty million United States dollars (U.S.\$50,000,000), on a covered basis in the form of a Yugoslav dinar/United States dollar swap. This facility will be available for a single drawing on two business days' notice (New York). The amount drawn under this agreement, together with interest accrued thereon, shall be liquidated not later than November 30, 1988. This agreement will become effective upon signature by the two parties, and incorporates the terms set forth in the Letter of Mutual Understandings of June 10, 1988, between the United States Treasury and the Narodna Banka Jugoslavije (the "Letter").

II. The drawing under this agreement may be used to facilitate the execution of transactions to forestall or counter disorderly financial market conditions. The rate of exchange applied to the drawing under this agreement shall be applied to its liquidation. This rate shall be based upon the spot rate as agreed between the parties at the time the drawing is made.

III. A. Proceeds of the drawing under this agreement will be employed as follows.

(i) An amount of sixteen million, seven hundred and fifty thousand dollars (U.S.\$16,750,000) shall be credited to the general account at the FRBNY in the name of "Banque Nationale de Yougoslavie" (the "General Account") by authenticated telecommunication.

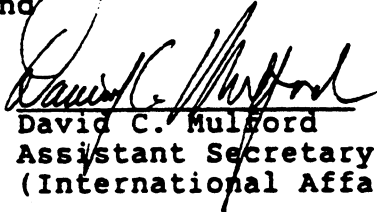
(ii) The balance of thirty-three million, two hundred and fifty thousand dollars (U.S.\$33,250,000) shall be immediately placed by the FRBNY in a non-transferable United States Treasury Certificate of Indebtedness ("Certificate A"), which the Secretary of the Treasury is prepared to issue to the Bank, at par, to mature November 30, 1988. Certificate A will be subject to the terms and conditions set forth in paragraphs 5, 6, 7 and 10 of the Letter. Certificate A will be issued and redeemed at the FRBNY. Redemption, in whole or in part, may occur on two business days' notice (New York), pursuant to the terms and conditions set forth in the Letter. Certificate A will be held in the General Account, and will bear interest at a rate based upon the average equivalent coupon-issue yield at the auction of the latest issue of three-month United States Treasury bills preceding the date of issuance of the Certificate. The average rate of yield will be stated in two decimal places, and, if such

decimal is not a multiple of .05, it will be adjusted to the next higher multiple of .05 (the "Adjusted Yield"). Interest will be calculated on the actual number of days in the year, i.e., 365 days.

B. The Yugoslav dinar counterpart of the drawing by the Bank is to be credited to a special account in the name of "Federal Reserve Bank of New York as Fiscal Agent of the United States, Special Account No. 2" on the books of the Bank in accordance with instructions given to the Bank by authenticated telecommunication. Yugoslav dinars in such account will earn a return which is equal to the Adjusted Yield, as calculated in paragraph III.A(ii) above. Such return shall be paid in United States dollars at the time of repayment on the amount being repaid at the rate of exchange described in paragraph II above. Such balances may be withdrawn by the United States Treasury on two business days' notice (Belgrade). The above Yugoslav dinar counterpart is to be debited in favor of the Bank, on the same value date as and for the equivalent amount as repayments in dollars are made by the Bank, in accordance with instructions given to the Bank by authenticated telecommunication.

IV. This agreement is executed in two counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement.

United States Treasury
Exchange Stabilization
Fund

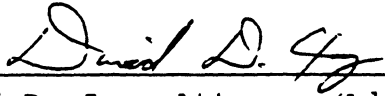
By: 
David C. Mulford
Assistant Secretary
(International Affairs)

Narodna Banka Jugoslavije

By: _____
Dusan Vlatkovic
Governor

Date: June 10, 1988

I hereby certify that the attached document is a true copy of the signed original.

A handwritten signature in cursive script, appearing to read "David D. Joy", is written above a horizontal line.

David D. Joy, Attorney/Adviser (International Affairs)



DEPARTMENT OF THE TREASURY
WASHINGTON

June 10, 1988

Mr. Dusan Vlatkovic
Governor
Narodna Banka Jugoslavije

Dear Mr. Vlatkovic:

In a multilateral effort to assist the Federal Republic of Yugoslavia in addressing its current balance of payments difficulties, the Bank for International Settlements (the "BIS"), acting for a number of central banks, and the United States Department of the Treasury (the "U.S. Treasury") are prepared to provide short-term credit facilities to the Narodna Banka Jugoslavije (the "Bank") in the total amount of two hundred and fifty million dollars (U.S.\$250,000,000). For its part, the BIS will make available to the Bank a facility for two hundred million dollars (U.S.\$200,000,000) (the "BIS Facility"). For its part, the U.S. Treasury through its Exchange Stabilization Fund will make available to the Bank a drawing facility (the "Treasury Swap Facility") of fifty million dollars (U.S.\$50,000,000) pursuant to the attached swap agreement (the "Swap Agreement").

This letter (the "Letter") sets forth the mutual understandings of the U.S. Treasury and the Bank as to the Swap Agreement.

1. The Yugoslav Government has taken economic measures sufficient to have enabled the Executive Board of the International Monetary Fund (the "IMF") to approve "in principle" on June 1, 1988, a Standby Arrangement totaling at least three hundred and six million Special Drawing Rights (SDR 306,000,000), to be provided in five equal drawings. The first drawing under this standby arrangement is expected to occur by June 30, 1988, and to be for sixty-one million two hundred thousand Special Drawing Rights (SDR 61,200,000). It is anticipated that the Yugoslav Government will take the necessary steps to be eligible to receive the second and third drawings under the Standby Arrangement during the summer and autumn of 1988.
2. The Yugoslav Government is negotiating with the World Bank for a Structural Adjustment Loan totaling at least two hundred and fifty million dollars (U.S.\$250,000,000). The Yugoslav Government expects to receive an initial disbursement of at least one hundred and twenty-five million dollars (U.S.\$125,000,000) of that loan on or before November 30, 1988.
3. The Bank will use the proceeds from the Treasury Swap Facility in conjunction with its foreign exchange operations.
4. The Treasury Swap Facility provides for a single drawing of

fifty million dollars (U.S.\$50,000,000) upon two business days' notice (New York) by authenticated telecommunication to the Federal Reserve Bank of New York (the "FRBNY"), acting as fiscal agent for the U.S. Treasury, provided that the conditions specified below have been met:

(A) the Managing Director of the IMF will have stated in a written communication delivered to the U.S. Treasury that the IMF Executive Board has approved in principle the Standby Arrangement and that, subject to satisfactory arrangements having been made with respect to new money from commercial bank creditors, Yugoslavia will qualify for the first drawing under the Standby Arrangement;

(B) the Bank will have given instructions to the IMF, which instructions shall be irrevocable, to pay all the proceeds of purchases made by the Bank under the Standby Arrangement into a special funds account of the Bank (the "Special Funds Account") on the books of the FRBNY, until the FRBNY notifies the Bank that any amounts outstanding under the Treasury Swap Facility and the BIS Facility, together with interest accrued thereon, have been repaid in full;

(C) the Bank will have furnished to the U.S. Treasury a copy of an executed original of the instructions referred to in subparagraph (B) above;

(D) the Bank will have given irrevocable instructions to the FRBNY in a form acceptable to the FRBNY to open the Special Funds Account, and to apply, as specified in paragraph 9 below, the proceeds in the Special Funds Account of drawings from the IMF Standby Arrangement as provided above exclusively in or towards repayment of any amounts outstanding under the Treasury Swap Facility and the BIS Facility on a pari passu basis, together with interest accrued thereon, until the FRBNY notifies the Bank that the amounts outstanding under the Treasury Swap Facility and the BIS Facility, together with interest accrued thereon, have been repaid. The Bank will forward to the IMF this notice from the FRBNY. Such irrevocable instructions shall also authorize the FRBNY to give notice to the Bank by authenticated telecommunication on November 28, 1988, that the FRBNY on November 30, 1988 will debit and liquidate any other accounts of the Bank with the FRBNY and any investments the FRBNY holds for the Bank in the event that repayments from other sources have not been received by November 30, 1988. The FRBNY will apply the proceeds of any such such debits and liquidations, including the proceeds from whole or partial redemptions of Certificates A and B as set forth below, solely in repayment of any amounts outstanding under the Treasury Swap Facility, together with interest accrued thereon; and

(E) the FRBNY confirms to the U.S. Treasury that the FRBNY has received notice from the BIS that the BIS Facility has entered into effect.

5. The proceeds of the single drawing of fifty million dollars (U.S.\$50,000,000) under the Treasury Swap Facility shall be applied as follows:

(A) An amount of sixteen million, seven hundred and fifty thousand dollars (U.S.\$16,750,000) will be credited in freely disposable funds to the General Account at the FRBNY in the name of "Banque Nationale de Yougoslavie" (the "General Account"), simultaneously with the availability to the Bank of sixty-seven million dollars (U.S.\$67,000,000) under the BIS Facility;

(B) The balance of thirty-three million, two hundred and fifty thousand dollars (U.S.\$33,250,000) will be immediately invested for the account of the Bank in a non-transferable United States Treasury Certificate of Indebtedness ("Certificate A"), maturing November 30, 1988 and bearing interest as determined in accordance with the Swap Agreement. Certificate A will be issued to the Bank and held in the General Account at the FRBNY. The Bank may upon two business days' notice (New York) request the FRBNY by authenticated telecommunication to redeem Certificate A in whole or in part to effect early repayment of any outstanding amount under the Treasury Swap Facility, together with interest accrued on the amount being repaid. Otherwise, Certificate A will be redeemed only in accordance with the terms and conditions set forth in paragraphs 6, 7, and 10 below.

6. The Bank may, upon two business days' notice (New York) to the FRBNY, by authenticated telecommunication, request redemption of sixteen million, six hundred and twenty-five thousand dollars (U.S.\$16,625,000) of Certificate A, which the U.S. Treasury will make available, simultaneously with the availability to the Bank of sixty-six million, five hundred thousand dollars (U.S.\$66,500,000) under the BIS Facility, provided that one of the following conditions is met:

(A) The Managing Director of the IMF has confirmed in writing to the U.S. Treasury that Yugoslavia has made sufficient progress in implementing the Yugoslav economic adjustment program for him either (1) to be assured that Yugoslavia is eligible to make the second drawing under the Standby Arrangement, or (2) to recommend to the Executive Board that the second drawing be made available; or

(B) The Bank has purchased a second non-transferable United States Treasury Certificate of Indebtedness ("Certificate B"), maturing November 30, 1988 and bearing interest in the same manner as determined for Certificate A,

in the amount of sixteen million, six hundred and twenty-five thousand dollars (U.S.\$16,625,000), and redeemable in whole or in part on two business days' (New York) notice to the U.S. Treasury. Such notice must set forth the purpose of such redemption. The Bank does not, however, intend to request redemption of Certificate B, except to effect repayment of balances outstanding under the Treasury Swap Facility. In the event of a request for redemption for any other purpose, the U.S. Treasury may at its unfettered discretion direct the FRBNY to redeem Certificate B to the extent requested and transfer the proceeds of the redemption to the Exchange Stabilization Fund in whole or in partial repayment of the Treasury Swap Facility. If the second drawing under the IMF Standby Arrangement is made available in an amount sufficient to repay all balances outstanding to the U.S. Treasury, the U.S. Treasury will direct the FRBNY to redeem Certificate B and transfer the proceeds to the General Account of the Bank.

7. The Bank may, upon two business days' notice (New York) to the FRBNY, by authenticated telecommunication, request redemption of the balance of sixteen million, six hundred and twenty-five thousand dollars (U.S.\$16,625,000) of Certificate A simultaneously with the availability to the Bank of the balance of sixty-six million, five hundred thousand dollars (U.S.\$66,500,000) under the BIS Facility, provided the conditions specified under either (A) or (B) below are met:

(A) (i) the President of the World Bank will have stated in a written communication to the U.S. Treasury that Yugoslavia will be eligible, by November 30, 1988, to receive disbursements of at least one hundred million dollars (U.S.\$100,000,000) under a Structural Adjustment Loan;

(ii) the Bank or other appropriate Yugoslav institutions will have given instructions to the World Bank, in a form acceptable to the U.S. Treasury and the BIS, which will be irrevocable, to pay all the proceeds of disbursements under the Structural Adjustment Loan into the Special Funds Account until any amounts outstanding under the Treasury Swap Facility and the BIS Facility, together with interest accrued thereon, have been repaid;

(iii) the World Bank in a letter to the Bank or other appropriate Yugoslav institutions will have acknowledged the arrangements requested by

the Bank or other appropriate Yugoslav institutions in sub-subparagraph (ii) above;

(iv) the Bank will have furnished to the U.S. Treasury a copy of an executed original of the instructions referred to in sub-subparagraph (ii) above, and the World Bank will have furnished to the U.S. Treasury a copy of an executed original of the letter referred to in sub-subparagraph (iii) above; and

(v) the Bank will have given irrevocable instructions to the FRBNY in a form acceptable to the FRBNY to apply, as specified in paragraph 9 below, the proceeds in the Special Funds Account of disbursements from the World Bank Structural Adjustment Loan, as provided above, exclusively in or towards repayment of any amounts outstanding under the Treasury Swap Facility and the BIS Facility on a pari passu basis, together with interest accrued thereon, until advised by the FRBNY that the amounts outstanding under the Treasury Swap Facility and the BIS Facility, together with interest accrued thereon, have been repaid, which notice the Bank will forward to the World Bank.

OR

(B) the Managing Director of the IMF has stated in a written communication to the U.S. Treasury that he is prepared to recommend to the Board that the review of the Yugoslav program be positively concluded and the third drawing under the Standby Arrangement be made available by November 30, 1988.

8. The Yugoslav Government will take all actions necessary on its part to make the IMF Standby Arrangement and World Bank Structural Adjustment Loan effective no later than November 30, 1988. The Bank, or another Yugoslav institution, as appropriate, will apply for all drawings from the IMF and disbursements from the World Bank for which it is eligible.

9. In addition to the drawings under the IMF Standby Arrangement and the disbursements under the World Bank Structural Adjustment Loan, other funds may, at the Bank's option, be deposited by the Bank in the Special Funds Account. Any amounts deposited into the Special Funds Account shall be applied immediately and on a pari passu basis toward repayment of any amounts outstanding under the Treasury Swap Facility and the BIS Facility, including interest on the amount being repaid.

10. If repayment of the Treasury Swap Facility and the BIS Facility, together with accrued interest, has not occurred on or by November 30, 1988, the FRBNY may transfer on a pari passu basis to the Exchange Stabilization Fund and the BIS any funds remaining in the Special Funds Account or later credited to the Special Funds Account. The Bank also authorizes the FRBNY to redeem at maturity any balances remaining in Certificates A or B and to transfer the proceeds in whole or partial repayment of the Treasury Swap Facility, including interest on the amount being repaid, to the Exchange Stabilization Fund. Any funds remaining in the Special Funds Account after repayment of the Treasury Swap Facility and the BIS Facility, together with accrued interest, shall be credited to the Bank's General Account at the FRBNY, and the Special Funds Account shall be terminated.

11. At any time the Bank will have the right, on giving not less than two business days' notice (New York) to the FRBNY by authenticated telecommunication, to repay in advance, and on a pari passu basis with early repayment of the BIS Facility, all or part of the amounts outstanding under the Treasury Swap Facility and the BIS Facility, together with interest on the amount being repaid. These facilities, together with all authorizations issued for the purpose of their execution, shall be terminated in the event of the advance repayment in full of all amounts outstanding under both facilities.

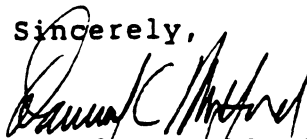
12. The Bank warrants:

(A) that it has full power and authority to enter into and perform its obligations under this Letter and the Swap Agreement, and has taken and will take all necessary corporate or other actions to authorize the performance of the terms and conditions of this Letter and the Swap Agreement; and

(B) that the Yugoslav Government has agreed to take whatever actions, and provide any other support, necessary to facilitate the performance by the Bank of its obligations under this Letter and the Swap Agreement.

If this Letter correctly sets forth your understanding concerning the matters discussed above, kindly sign it in the places indicated below and return it to me.

Sincerely,



David C. Mulford
Assistant Secretary
(International Affairs)

Narodna Banka Jugoslavije:

By:

Dusan Vlatkovic
Governor

Date: June 10, 1988

SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA

Investment Guaranties

*Agreement effected by exchange of notes
Signed at Belgrade January 18, 1973;
Entered into force May 30, 1973.*

*The American Ambassador to the Yugoslav Member of the Federal
Executive Council and Federal Secretary of Finance*

BELGRADE January 18, 1973

EXCELLENCY:

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments relating to investments in the Socialist Federal Republic of Yugoslavia which further the development of the economic resources and productive capacities of Yugoslavia and to guaranties of such investments by the Government of the United States of America. I also have the honor to confirm the following understandings reached as a result of those conversations:

1. When an investor proposes to invest in a project or activity within the territorial jurisdiction of the Government of the Socialist Federal Republic of Yugoslavia, the Host Government, with the assistance of guaranties issued pursuant to this Agreement by the Government of the United States of America, the Guaranteeing Government, the two Governments shall, upon the request of either, consult respecting the nature of the project or activity.

2. The procedures set forth in this Agreement shall apply only with respect to guaranteed investments in projects or activities duly registered in accordance with applicable Host Government legislation.

3. If the Guaranteeing Government makes payment to any investor under a guaranty issued pursuant to the present Agreement, the Host Government shall, subject to the provisions of the following paragraph, recognize the transfer to the Guaranteeing Government of any currency, credits, assets, or investment on account of which payment under such guaranty is made as well as the succession of the Guaranteeing Government to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

(1091)

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4. To the extent that the laws of the Host Government partially or wholly invalidate the acquisition of any interests in any property within its national territory by the Guaranteeing Government, the Host Government shall permit such investor and the Guaranteeing Government to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Host Government. The Guaranteeing Government shall assert no greater rights than those of the transferring investor under the laws of the Host Government with respect to any interests transferred or succeeded to as contemplated in paragraph three. The Guaranteeing Government does, however, reserve its rights to assert a claim in its sovereign capacity in the eventuality of a denial of justice or other question of state responsibility as defined in international law.

5. Amounts in the lawful currency of the Host Government and credits thereof acquired by the Guaranteeing Government under such guaranties shall be accorded treatment neither less nor more favorable than that accorded to funds of nationals of the Guaranteeing Government deriving from investment activities like those in which the investor has been engaged, and such amounts and credits shall be freely available to the Guaranteeing Government to meet its expenditures in the national territory of the Host Government.

6. (a) Differences between the two Governments concerning the interpretation of the provisions of this Agreement shall be settled, insofar as possible, through negotiations between the two Governments. If such a difference cannot be resolved within a period of three months following the request for such negotiations, it shall be submitted, at the request of either Government, to an ad hoc arbitral tribunal for settlement in accordance with the applicable principles and rules of public international law. The arbitral tribunal shall be established as follows: Each Government shall appoint one arbitrator; these two arbitrators shall designate a President by common agreement who shall be a citizen of a third State and be appointed by the two Governments. The arbitrators shall be appointed within two months and the President within three months of the date of receipt of either Government's request for arbitration. If the foregoing time limits are not met, either Government may, in the absence of any other agreement, request the President of the International Court of Justice to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments. The arbitral tribunal shall decide by majority vote. Its decision shall be binding. Each of the Governments shall pay the expense of its member and its representation in the proceedings before the arbitral tribunal; the expenses of the President and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing. In all other matters, the arbitral tribunal shall regulate its own procedures.

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(b) Any claim, arising out of investments guaranteed in accordance with this Agreement, against either of the two Governments, which, in the opinion of the other, presents a question of public international law, shall, at the request of the Government presenting the claim, be submitted to negotiations. If at the end of three months following the request for negotiations the two Governments have not resolved the claim by mutual agreement, the claim, including the question of whether it presents a question of public international law, shall be submitted for settlement to an arbitral tribunal selected in accordance with paragraph (a) above. The arbitral tribunal shall base its decision exclusively on the applicable principles and rules of public international law. Only the respective Governments may request the arbitral procedure and participate in it.

7. This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to guaranties issued while the Agreement was in force shall remain in force for the duration of those guaranties, but in no case longer than twenty years, after the denunciation of the Agreement.

8. This Agreement shall enter into force on the date of the note [¹] by which the Host Government communicates to the Guaranteeing Government that the Agreement has been approved in conformity with the Host Government's constitutional procedures. This Agreement, upon entry into force, shall replace and terminate the Agreement on investment guaranties effected by exchange of notes signed at Washington on August 15, 1952. [²]

Upon receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of the Socialist Federal Republic of Yugoslavia, the Government of the United States of America will consider that this note and your reply thereto constitute an Agreement between our two Governments on this subject, the Agreement to enter into force in accordance with paragraph eight above.

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

MALCOLM TOON

Malcolm Toon
*Ambassador of the United States of
America in Belgrade*

His Excellency JANKO SMOLE
*Member of the Federal Executive Council and
Federal Secretary for Finance of the
Socialist Federal Republic of Yugoslavia*

¹ May 30, 1973.

² TIAS 2688; 3 UST 5052.

*The Yugoslav Member of the Federal Executive Council and
Federal Secretary of Finance to the American
Ambassador*

BEOGRAD, January 18, 1973

MR. AMBASSADOR,

I have the honor to acknowledge the receipt of your Note dated January 18, 1973, which reads:

"I have the honor to refer to conversations which have recently taken place between representatives of our two Governments relating to investments in the Socialist Federal Republic of Yugoslavia which further the development of the economic resources and productive capacities of Yugoslavia and to guaranties of such investments by the Government of the United States of America. I also have the honor to confirm the following understandings reached as a result of those conversations:

1. When an investor proposes to invest in a project or activity within the territorial jurisdiction of the Government of the Socialist Federal Republic of Yugoslavia, the Host Government, with the assistance of guaranties issued pursuant to this Agreement by the Government of the United States of America, the Guaranteeing Government, the two Governments shall, upon the request of either, consult respecting the nature of the project or activity.

2. The procedures set forth in this Agreement shall apply only with respect to guaranteed investments in projects or activities duly registered in accordance with applicable Host Government legislation.

3. If the Guaranteeing Government makes payment to any investor under a guaranty issued pursuant to the present Agreement, the Host Government shall, subject to the provisions of the following paragraph, recognize the transfer to the Guaranteeing Government of any currency, credits, assets, or investment on account of which payment under such guaranty is made as well as the succession of the Guaranteeing Government to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

4. To the extent that the laws of the Host Government partially or wholly invalidate the acquisition of any interests in any property within its national territory by the Guaranteeing Government, the Host Government shall permit such investor and the Guaranteeing Government to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Host Government. The Guaranteeing Government shall assert no greater rights than those of the transferring investor under the laws of the Host Government with respect

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to any interests transferred or succeeded to as contemplated in paragraph three. The Guaranteeing Government does, however, reserve its rights to assert a claim in its sovereign capacity in the eventuality of a denial of justice or other question of state responsibility as defined in international law.

5. Amounts in the lawful currency of the Host Government and credits thereof acquired by the Guaranteeing Government under such guaranties shall be accorded treatment neither less nor more favorable than that accorded to funds of nationals of the Guaranteeing Government deriving from investment activities like those in which the investor has been engaged, and such amounts and credits shall be freely available to the Guaranteeing Government to meet its expenditures in the national territory of the Host Government.

6. (a) Differences between the two Governments concerning the interpretation of the provisions of this Agreement shall be settled, insofar as possible, through negotiations between the two Governments. If such a difference cannot be resolved within a period of three months following the request for such negotiations, it shall be submitted, at the request of either Government, to an *ad hoc* arbitral tribunal for settlement in accordance with the applicable principles and rules of public international law. The arbitral tribunal shall be established as follows: Each Government shall appoint one arbitrator; these two arbitrators shall designate a President by common agreement who shall be a citizen of a third State and be appointed by the two Governments. The arbitrators shall be appointed within two months and the President within three months of the date of receipt of either Government's request for arbitration. If the foregoing time limits are not met, either Government may, in the absence of any other agreement, request the President of the International Court of Justice to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments. The arbitral tribunal shall decide by majority vote. Its decision shall be binding. Each of the Governments shall pay the expense of its member and its representation in the proceedings before the arbitral tribunal; the expenses of the President and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing. In all other matters, the arbitral tribunal shall regulate its own procedures.

(b) Any claim, arising out of investments guaranteed in accordance with this Agreement, against either of the two Governments, which, in the opinion of the other, presents a question of public international law, shall, at the request of the Government presenting the claim, be submitted to negotiations. If at the end of three months following the request for negotiations the two Governments have not resolved the claim by mutual agreement, the claim, including

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the question of whether it presents a question of public international law, shall be submitted for settlement to an arbitral tribunal selected in accordance with paragraph (a) above. The arbitral tribunal shall base its decision exclusively on the applicable principles and rules of public international law. Only the respective Governments may request the arbitral procedure and participate in it.

7. This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to guaranties issued while the Agreement was in force shall remain in force for the duration of those guaranties, but in no case longer than twenty years, after the denunciation of the Agreement.

8. This Agreement shall enter into force on the date of the note by which the Host Government communicates to the Guaranteeing Government that the Agreement has been approved in conformity with the Host Government's constitutional procedures. This Agreement, upon entry into force, shall replace and terminate the Agreement on investment guaranties effected by exchange of notes signed at Washington on August 15, 1952.

Upon receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of the Socialist Federal Republic of Yugoslavia, the Government of the United States of America will consider that this note and your reply thereto constitute an Agreement between our two Governments on this subject, the Agreement to enter into force in accordance with paragraph eight above."

I have the honor to notify You that the Government of the Socialist Federal Republic of Yugoslavia confirms the Agreement reached as stated in Your Note and considers that the Note and this reply constitute the component parts of the Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America on guaranties for American private investments against noncommercial risks.

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

JANKO SMOLE

Janko Smole,
*Member of the Federal Executive
Council and Federal Secretary for
Finance of the Socialist Federal
Republic of Yugoslavia*

ANNEX

AIDE MEMOIRE

In Article 72 of the Law on the Resources of Economic Organizations ("Official Gazette of the SFRY", No. 10/1968), there is the following provision:

"If a foreign partner wishes to transfer the rights and duties referred to under the contract to a foreign legal or physical person or to another domestic economic organization, he must first offer, in writing, a transfer of the rights and duties referred to under the contract to the domestic economic organization in which the resources are invested.

The domestic economic organization, unless otherwise provided for under the contract, must within sixty days after the day of receipt of the offer forward a statement to the foreign partner on acceptance or nonacceptance of the offer.

If a foreign partner carries out a transfer of the rights and duties referred to under the contract contrary to the provision of paragraph one of this Article without making an offer to the domestic economic organization beforehand, or if he carries out a transfer of the rights and duties referred to under the contract under conditions which are, for the persons to which the transfer has been made, more favorable than the conditions offered to the domestic economic organization, then the domestic economic organization in which the resources are invested may demand, in a complaint lodged with a competent economic court, that the transfer of the rights and duties referred to under the contract be cancelled and that the rights and duties referred to under the contract be transferred, under the same conditions, to the domestic economic organization.

A complaint against a violation of the first option right to transfer of the rights and duties referred to under the contract may be lodged within thirty days after the day when the domestic economic organization learned about the transfer or about the more favorable conditions of the transfer.

Transfer of the rights and duties of a foreign legal or physical person to another foreign person or to the domestic economic organization is entered in the register referred to under Article 69 of the Law on the Resources of Economic Organizations. A notification of the transfer of the rights and duties referred to under the contract must be submitted by the foreign person carrying out this transfer within a period of thirty days after the date of the conclusion of a contract on the transfer."

The Government of the Socialist Federal Republic of Yugoslavia considers that the above-quoted provision of Article 72 of the Law on the Resources of Economic Organizations, although it is not directly

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connected with the Agreement on Investment Guaranties signed between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the United States of America, is not in contradiction to the above-mentioned Agreement.

JANKO SMOLE

Janko Smole,
*Member of the Federal Executive
Council and Federal Secretary for
Finance of the Socialist Federal
Republic of Yugoslavia*

BEOGRAD, *January 18, 1973*

MALCOLM TOON
*Ambassador of the United
States of America in
Beograd*

TIAS 7630

YUGOSLAVIA

VISAS

Understanding effected by exchange of notes signed at Belgrade March 23 and 25, 1950; entered into force March 25, 1950, operative April 1, 1950.

TIAS 2087
Mar. 23, 25,
1950

*The American Ambassador to the Yugoslav Minister of
Foreign Affairs*

BELGRADE, YUGOSLAVIA,
March 23, 1950.

MY DEAR MR. MINISTER:

With reference to the citizenship question which I had the honor to discuss with Marshal Tito during our conference January 26, and which Mr. Prica and I have discussed several times subsequently, I would appreciate your confirmation of my understanding of the position of the Yugoslav Government with regard to entry and exit visas for American citizens visiting Yugoslavia.

As of April 1, 1950, all American citizens, including American citizens of Yugoslav origin, who qualify for entry into Yugoslavia for temporary visits, will be granted Yugoslav entrance visas on their American passports, and all persons who enter Yugoslavia bearing American passports containing Yugoslav entrance visas will be granted exit permits. The phrase "American citizens of Yugoslav origin" is understood to include persons who are regarded by the American Government as American citizens by birth or naturalization in accordance with American law but who are at the same time regarded by the Yugoslav Government as Yugoslav citizens in accordance with Yugoslav law.

It is understood that the foregoing does not pertain to persons who apply for entry into Yugoslavia for permanent residence.

This clarification of the position of your Government will remove a misunderstanding which has created much difficulty in the past and will relieve my Government from the unwelcome necessity of marking American passports invalid for travel to Yugoslavia.

Sincerely yours,

GEORGE V. ALLEN

His Excellency

EDVARD KARDELJ,

*Minister of Foreign Affairs of the
Federal People's Republic of Yugoslavia.*

76200-52-31

471

*The Yugoslav Minister of Foreign Affairs to the American
Ambassador*

POTPRETSEDNIK VLADE FNRJ
I
MINISTAR INOSTRANIH POSLOVA [1]

BEOGRAD, *March 25th, 1960*

EXCELLENCY,

I have the honor to acknowledge the receipt of your letter dated March 23, 1950, which reads as follows:

"With reference to the citizenship question which I had the honor to discuss with Marshal Tito during our conference January 26, and which Mr. Prica and I have discussed several times subsequently, I would appreciate your confirmation of my understanding of the position of the Yugoslav Government with regard to entry and exit visas for American citizens visiting Yugoslavia.

As of April 1, 1950, all American citizens, including American citizens of Yugoslav origin, who qualify for entry into Yugoslavia for temporary visits, will be granted Yugoslav entrance visas on their American passports, and all persons who enter Yugoslavia bearing American passports containing Yugoslav entrance visas will be granted exit permits. The phrase "American citizens of Yugoslav origin" is understood to include persons who are regarded by the American Government as American citizens by birth or naturalization in accordance with American law but who are at the same time regarded by the Yugoslav Government as Yugoslav citizens in accordance with Yugoslav law.

It is understood that the foregoing does not pertain to persons who apply for entry into Yugoslavia for permanent residence.

This clarification of the position of your Government will remove a misunderstanding which has created much difficulty in the past and will relieve my Government from the unwelcome necessity of marking American passports invalid for travel to Yugoslavia."

I have the honor to inform you that I am in full agreement with your understanding of the matter treated in the above letter.

Sincerely yours,

KARDELJ.

His Excellency

Mr. GEORGE V. ALLEN,

Ambassador Extraordinary and Plenipotentiary,

Embassy of the United States of America

Beograd

¹ Vice President of the Government of the Federal People's Republic of Yugoslavia and Minister of Foreign Affairs.

YUGOSLAVIA

Visas: Abolition of Fees

*Agreement effected by exchange of notes
Dated at Belgrade December 30, 1963, March 27 and April 4, 1964;
Entered into force April 15, 1964.*

*The Yugoslav Secretariat of State for Foreign Affairs to the American
Embassy*

No. 85775/IV

The Secretariat of State for Foreign Affairs of the Socialist Federal Republic of Yugoslavia presents its compliments to the Embassy of the United States of America and has the honour to propose, on behalf of the Government of the Socialist Federal Republic of Yugoslavia, the abolition of fees for all types of visas in passenger traffic between the Socialist Federal Republic of Yugoslavia and the United States of America.

In proposing this measure the Secretariat of State for Foreign Affairs is guided by the desire to contribute in this way to the rapprochement and the strengthening of friendly relations between our peoples, to facilitate and increase mutual travel and acquaintance with the history, culture and natural beauties of our respective countries.

If the Government of the United States of America is in agreement with the foregoing, the Secretariat of State for Foreign Affairs proposes that this Note together with the reply of the Embassy of the United States of America be considered as a final agreement of the two Governments on this subject, the agreement to enter into force on 1 April 1964, with the provision that it may be terminated at any time by either party giving to the other party twelve months' notice in writing to terminate the same.

BEOGRAD, 30 December 1963.

[SEAL]

EMBASSY OF THE UNITED STATES OF AMERICA
Beograd

(855)

TIAS 5564

*The American Embassy to the Yugoslav Secretariat of State for
Foreign Affairs*

No. 724

The Embassy of the United States of America presents its compliments to the Secretariat of State for Foreign Affairs of the Socialist Federal Republic of Yugoslavia and has the honor to refer to the Secretariat's Note No. 85775/IV regarding the mutual abolition of fees for all types of visas in passenger traffic between the Socialist Federal Republic of Yugoslavia and the United States of America.

The Government of the United States of America welcomes this proposal to strengthen friendly relations between our peoples and to facilitate mutual travel between our respective countries.

The Government of the United States of America interprets the Secretariat's phrase "all types of visas in passenger traffic" to be synonymous with "all types of nonimmigrant visas" as used in the laws and regulations of the United States of America. Should the Secretariat concur in this interpretation, the Embassy would appreciate written acknowledgement. Such an acknowledgement, together with this Note as well as the Secretariat's Note No. 85775/IV, would be considered by the Government of the United States as constituting a final agreement of the two governments to abolish all nonimmigrant visa fees, said agreement to enter into force on April 15, 1964, with the provision that the agreement may be terminated at any time by either party's giving the other party twelve months' notice in writing.

CSK

EMBASSY OF THE UNITED STATES OF AMERICA,
Belgrade, March 27, 1964.

TIAS 5564

A-598

The Yugoslav Secretariat of State for Foreign Affairs to the American Embassy

No. 81112/IV

The Secretariat of State for Foreign Affairs of the Socialist Federal Republic of Yugoslavia presents its compliments to the Embassy of the United States of America and, with reference to the Embassy's Note No. 724 of 27 March 1964, has the honour to confirm our concurrence in having the wording "all types of visas in passenger traffic" interpreted as "all types of of non-immigrant visas" and, consequently, that the Notes No. 85774/IV [¹] and No. 81112/IV of this Secretariat and the United States Embassy's Note No. 724 are considered to constitute an agreement.

The Secretariat of State for Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its high consideration.

BEOGRAD, 4 April 1964.



EMBASSY OF THE UNITED STATES OF AMERICA
Beograd

¹ Should read "85775/IV".

TIAS 5564

A-599

APPENDIX B

TEXT OF TRADE AGREEMENTS BETWEEN THE EUROPEAN COMMUNITY AND NMEs

CZECHOSLOVAKIA

Official Journal

of the European Communities

ISSN 0378 - 6978

L 88

Volume 32

31 March 1989

English edition

Legislation

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II Acts whose publication is not obligatory

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89/215/EEC:

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- Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products 2
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1

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other Acts are printed in bold type and preceded by an asterisk.

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 13 March 1989

relating to the conclusion of an Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products and of an Agreement in the form of an Exchange of Letters between the European Economic Community and the Czechoslovak Socialist Republic concerning 'Testausschreibung'

(89/215/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Whereas, with a view to attaining the aims of the Community in the sphere of external relations, it appears necessary to approve the agreements which form the subject of this Decision,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products and the Agreement in the form of an Exchange of Letters between the European Economic Community and the Czechoslovak Socialist Republic concerning 'Testausschreibung' are hereby approved on behalf of the Community.

The texts of the Agreement and of the Agreement in the form of an Exchange of Letters are attached to this Decision.

Article 2

The President of the Council shall give the notification provided for in Article 14 of the Agreement ⁽³⁾.

Article 3

The Community shall be represented on the consultation body set up by Article 12 of the Agreement by the Commission, assisted by representatives of the Member States.

Article 4

This Decision shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

Done at Brussels, 13 March 1989.

For the Council

The President

C. SOLCHAGA CATALAN

⁽¹⁾ OJ No C 7, 10. 1. 1989, p. 3.

⁽²⁾ OJ No C 69, 20. 3. 1989.

⁽³⁾ See page 16 of this Official Journal.

AGREEMENT

between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products

THE EUROPEAN ECONOMIC COMMUNITY, hereinafter referred to as the Community,
of the one part, and

THE CZECHOSLOVAK SOCIALIST REPUBLIC, hereinafter referred to as Czechoslovakia,
of the other part,

RESOLVED to establish favourable conditions for the harmonious development of trade in the field of industrial products between the Community and Czechoslovakia,

DESIROUS of diversifying the structure of trade between the Community and Czechoslovakia,

REAFFIRMING the commitment of both Parties to the General Agreement on Tariffs and Trade (GATT),

HAVING REGARD to the importance of giving full effect to all the provisions of the Final Act of the Conference on Security and Cooperation in Europe and the concluding document of the Madrid meeting,

HAVE DECIDED to conclude this Agreement and to this end have designated as their Plenipotentiaries:

THE EUROPEAN ECONOMIC COMMUNITY:

Theodoros PANGALOS,
Deputy Minister for Foreign Affairs,
President-in-Office of the Council of the European Communities,

Willy DE CLERCQ,
Member of the Commission of the European Communities,

THE CZECHOSLOVAK SOCIALIST REPUBLIC:

Jan ŠTĚRBA,
Minister for Foreign Trade,

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

Article 1

1. Subject to paragraph 2, this Agreement shall apply to trade in products originating in the Community or in Czechoslovakia falling within Chapters 25 to 96 of the Harmonized Commodity Description and Coding System.

2. This Agreement shall not apply:

- to products covered by the Treaty establishing the European Coal and Steel Community,
- for the period of application of the Agreement between the European Economic Community and Czechoslovakia on trade in textile products which has been provisionally applied since 1 January 1987

including any exchange of letters and other arrangements concluded in connection therewith and any agreement on trade in textile products subsequently concluded, to textile products covered by those agreements; furthermore in the event that the Community invokes paragraph 24 of the Protocol extending the arrangement regarding international trade in textiles of 31 July 1986, only the provisions of the said arrangement shall apply thereto to the exclusion of all dispositions of this Agreement,

- to products listed in Annex I to this Agreement.

3. Unless otherwise specified in this Agreement, trade between the Contracting Parties shall be conducted in compliance with their respective regulations.

Article 2

1. In the framework of their respective laws and regulations, the Contracting Parties will adopt measures to ensure the harmonious development and the diversification of their mutual trade.

2. To that end, they confirm their resolve to consider in a spirit of cooperation each for its own part, suggestions made by the other Party, with a view to attaining these aims.

Article 3

1. The Community will accord the highest possible degree of liberalization to imports of products originating in Czechoslovakia. To this end it will ensure that, during the period of validity of this Agreement, substantial progress is made towards the abolition of specific quantitative restrictions which apply to Czechoslovakia.

2. Progress in liberalization shall take account of the provision of GATT, of the development of trade between the Contracting Parties and of progress made in the implementation of the present Agreement.

3. Each year the consultation body provided for in Article 12 will assess the progress made in applying paragraph 1 by reference to all relevant factors.

Article 4

The Community undertakes to eliminate quantitative restrictions on imports into those regions of the Community and of those products listed in Annex II.

Article 5

The Community undertakes to suspend the application of quantitative restrictions on imports into the regions of the Community and of those products listed in Annex III on the terms and conditions specified therein.

Article 6

1. For each calendar year, the Community shall open import quotas for products which are of interest for Czechoslovak exports and which are subject to quantitative restrictions.

2. The two parties will hold consultations each year in the consultation body provided for in Article 12 to determine what increases in the quotas referred to in paragraph 1 can be made for the following year.

Article 7

Imports into the Community of products covered by this Agreement shall not be charged against the quotas referred to in Article 6 provided that they are declared as being intended for re-export and are re-exported from the Community either in the unaltered state or after inward processing, under the administrative control arrangements in force in the Community.

Article 8

The Parties will inform each other of any changes in their tariff or statistical nomenclature or of any decision taken in accordance with the procedures in force, concerning the classification of products covered by this Agreement.

Article 9

The exchange of goods between the two Contracting Parties shall be effected at market-related prices.

Article 10

1. The Contracting Parties shall consult each other if any product is being imported in trade between the Community and Czechoslovakia in such increased quantities, or under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products.

2. The Contracting Party requesting the consultations will supply the other Party with all the information required for a detailed examination of the situation.

3. The consultations requested pursuant to paragraph 1 will be held with due regard for the fundamental aims of the Agreement and will be completed not later than 30 days from the date of notification of the request by the Party concerned, unless the Parties agree otherwise.

4. If, as a result of such consultations, it is agreed that the situation referred to in paragraph 1 exists, exports shall be limited or such other action taken, which may include action, if possible, with respect to the price at which the exports are sold, as will prevent or remedy the injury.

5. If, following action under paragraphs 1 to 4 above, agreement is not reached between the Contracting Parties, the Contracting Party which requested the consultations shall be free to restrict the imports of the products concerned to the extent and for such time as is necessary to prevent or

remedy the injury. The other Contracting Party shall then be free to deviate from its obligations towards the first Party in respect of substantially equivalent trade.

6. In critical circumstances, where delay would cause damage difficult to repair, such preventive or remedial action may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

7. In the selection of measures under this Article, the Contracting Parties should give priority to those which cause the least disturbance to the functioning of this Agreement.

8. Where necessary, the Contracting Parties may hold consultations to determine when the measures adopted pursuant to paragraphs 4, 5 and 6 shall cease to apply.

Article 11

Czechoslovakia will take appropriate measures to encourage imports from the Community to the Czechoslovak market.

Such measures shall be aimed *inter alia* at:

- (a) supplying the Community with the appropriate information, notably with regard to:
 - (i) economic development plans;
 - (ii) general import arrangements and forecasts;
 - (iii) import and investment intentions in the sectors of Czechoslovak industry which may be of interest to Community exporters;
- (b) creating conditions facilitating the activities in Czechoslovakia of Community business operators and in particular closer contacts between representatives and experts from Community firms and those of Czechoslovak firms and end-users;
- (c) encouraging and facilitating, notably by means of practical measures, trade promotion activities in Czechoslovakia, such as the organization of fairs and exhibitions;
- (d) promoting visits by persons, groups and delegations involved in trade between the two Parties.

Article 12

1. A body shall be established for regular consultations, composed of representatives of the Community, on the one hand, and representatives of Czechoslovakia, on the other.

The tasks of the consultation body will be:

- to ensure the proper functioning of the Agreement,
- to examine the various aspects of the development of trade between the Parties, notably its overall trend, its rate of growth, its structure and diversification, the trade balance situation and the various forms of trade and trade promotion,
- to seek appropriate means of avoiding difficulties which might arise in connection with trade and with changes in existing trade arrangements,
- to consider measures likely to develop and diversify trade, notably by opening up new opportunities for imports into the Community and in Czechoslovakia,
- to exchange views and put forward suggestions on any problem of common interest relating to trade,
- to make recommendations likely to encourage the expansion of trade,
- to examine the possibility of negotiations being initiated, within the period of validity of this Agreement, with a view to concluding a successor Agreement.

2. The consultations shall be held once a year in Brussels and Prague alternately. Special meetings may be convened by mutual agreement, at the request of either Contracting Party. The chairmanship of the consultation meetings shall be held alternately by each of the Contracting Parties.

The agenda for consultation meetings shall be determined by mutual agreement and, wherever possible, shall be agreed beforehand.

Article 13

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of Czechoslovakia.

Article 14

This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other that the legal procedures necessary to this end have been completed. The Agreement shall be concluded for a period of four years. The Agreement shall be automatically renewed year by year provided that neither Contracting Party gives the other Party written notice of denunciation of the Agreement six months before it expires.

However, the two Contracting Parties may amend the Agreement by mutual consent in order to take account of new developments.

The Annexes and Exchange of Letters concerning the combined nomenclature attached to this Agreement shall form an integral part thereof.

Article 15

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Czech languages, each text being equally authentic.

En fe de lo cual, los plenipotenciarios abajo firmantes suscriben el presente Acuerdo.

Til bekræftelse heraf har undertegnede befuldmægtigede underskrevet denne aftale.

Zu Urkund dessen haben die unterzeichneten Bevollmächtigten ihre Unterschriften unter dieses Abkommen gesetzt.

Σε πίστωση των ανωτέρω, οι υπογεγραμμένοι κληροξούσιοι έθεσαν τις υπογραφές τους στην παρούσα συμφωνία.

In witness whereof, the undersigned Plenipotentiaries have signed this Agreement.

En foi de quoi, les plénipotentiaires soussignés ont apposé leurs signatures au bas du présent accord.

In fede di che, i plenipotenziari sottoscritti hanno apposto le loro firme in calce al presente accordo.

Ten blijke waarvan de ondergetekende gevolmachtigden hun handtekening onder deze Overeenkomst hebben gesteld.

Em fé do que os plenipotenciários abaixo assinados apuseram as suas assinaturas no final do presente acordo.

Na dukaz toho, níže podepsaní zmocněnci podepsali tuto Dohodu.

Hecho en Bruselas, a diecinueve de diciembre de mil novecientos ochenta y ocho.

Udfærdiget i Bruxelles, den nittende december nitten hundrede og otteogfirs.

Geschehen zu Brüssel am neunzehnten Dezember neunzehnhundertachtundachtzig.

Έγινε στις Βρυξέλλες, στις δέκα εννέα Δεκεμβρίου χίλια εννιακόσια ογδόντα οκτώ.

Done at Brussels on the nineteenth day of December in the year one thousand nine hundred and eighty-eight.

Fait à Bruxelles, le dix-neuf décembre mil neuf cent quatre-vingt-huit.

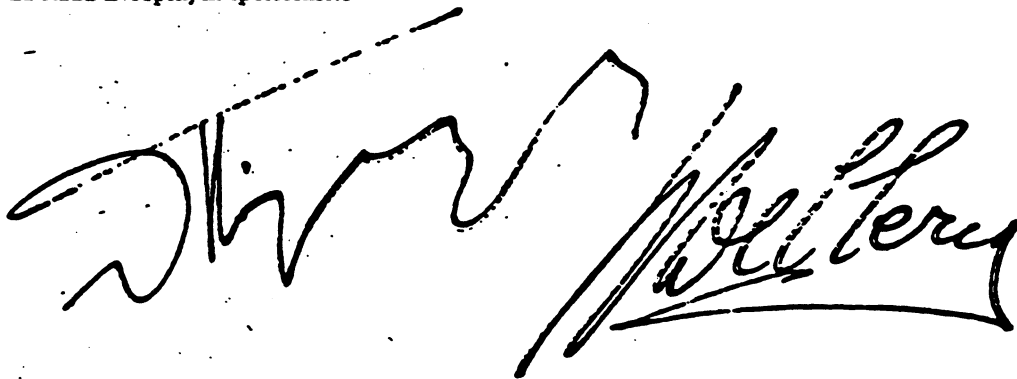
Fatto a Bruxelles, addì diciannove dicembre millenovecentottantotto.

Gedaan te Brussel, de negentiende december negentienhonderd achtentachtig.

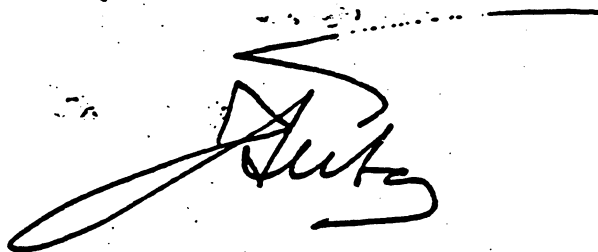
Feito em Bruxelas, em dezanove de Dezembro de mil novecentos e oitenta e oito.

Dáno v Bruselu devatenáctého prosince devatenáctosmdesátosm.

Por el Consejo de las Comunidades Europeas
For Rådet for De Europæiske Fællesskaber
Für den Rat der Europäischen Gemeinschaften
Για το Συμβούλιο των Ευρωπαϊκών Κοινοτήτων
For the Council of the European Communities
Pour le Conseil des Communautés européennes
Per il Consiglio delle Comunità europee
Voor de Raad van de Europese Gemeenschappen
Pelo Conselho das Comunidades Europeias
Za Radu Evropských společenství



Por el Gobierno de la República Socialista Checoslovaca
For regeringen for Den Tjekkosllovakiske Socialistiske Republik
Für die Regierung der Tschechoslowakischen Sozialistischen Republik
Για την Κυβέρνηση της Σοσιαλιστικής Δημοκρατίας της Τσεχοσλοβακίας
For the Government of the Czechoslovak Socialist Republic
Pour le gouvernement de la République socialiste tchécoslovaque
Per il governo della Repubblica socialista cecoslovacca
Voor de Regering van de Tsjechoslowaakse Socialistische Republiek
Pelo Governo da República Socialista da Checoslováquia
Za vládu Československé socialistické republiky



ANNEX I

Products falling within Chapters 25 to 96 which are not covered by the Agreement

NIMEXE code 1987				
29.04-71	35.05	38.12-29	38.19-49	57.01
29.04-73				
29.04-75	38.12-11	38.19-45	45.01	
29.04-77	38.12-21	38.19-46		
29.04-79	38.12-25	38.19-48	54.01	

ANNEX II

A. Products in respect of which quantitative restrictions will be abolished at Community level

NIMEXE code 1987				
25.31	29.16-67	38.14-37	57.11-10	79.02-00
	29.16-75			
27.04-11	29.16-85	38.19-35	70.07-20	79.03-25
27.04-80	29.16-89	38.19-37		
		38.19-41	73.19-50	81.04-50
28.38-81	29.22-13	38.19-53	73.19-90	
	29.22-21	38.19-55		84.23-13
29.02-10	29.22-25	38.19-59	73.20-37	84.23-32
29.02-36	29.22-51	38.19-82		
29.02-38	29.22-61		73.21-10	84.35-15
	29.22-69	39.01-92		84.35-32
29.04-12	29.22-71		73.40-51	
29.04-22		40.02-30	73.40-61	84.52-81
29.04-24	29.23-17	40.02-65	73.40-63	
29.04-35		40.02-70		84.55-10
29.04-39	29.35-41		77.01-11	84.55-93
	29.35-75	40.06-91	77.01-13	
29.06-37		40.06-93		85.24-10
29.06-38	30.03-11		78.02-00	85.24-30
	30.03-13	41.02-12		
29.11-91	30.03-17		78.03-00	
29.11-97		51.01-74		
	32.07-10	51.01-75	78.04-11	
29.15-65	32.07-71		78.04-19	
	32.07-90	57.06-11	78.04-20	
29.16-18		57.06-15		
29.16-65	36.08-01	57.06-30	78.05-00	
	36.08-10			

B. Products in respect of which quantitative restrictions will be abolished at regional level

BENELUX	GREECE	FEDERAL REPUBLIC OF GERMANY		
NIMEXE code 1987	NIMEXE code 1987	NIMEXE code 1987		
51.01-63	73.40-51	44.11-41	61.03-16	69.08-63
51.01-65	73.40-61	44.11-99		
51.01-74			64.02-34	73.02-49
	ex 85.23-12 ⁽¹⁾	44.18-25	64.02-43	73.02-70
57.06			64.02-45	
		61.02-83	64.02-50	76.01-11
57.10-62			64.02-56	76.01-21

⁽¹⁾ Conducting cables for television aerials.

PORTUGAL

NIMEXE code 1987	
ex 73.18-02	Unworked or painted, varnished, enamelled or otherwise treated (including Mannesmann tubes and tubes obtained by swaging), whether or not with sockets or flanges, but not otherwise worked, of a wall thickness of 4,5 mm or less
ex 73.18-03	Straight and of uniform thickness, unworked, seamless, of circular cross-section, solely for the manufacture of tubes and pipes with other cross-sections and wall thickness of 2,2 mm or less
ex 73.18-05	
ex 73.18-13	
ex 73.18-15	
ex 73.18-21	
ex 73.18-22	
ex 73.18-23	
ex 73.18-24	
ex 73.18-26	
ex 73.18-27	
ex 73.18-28	Unworked or painted, varnished, enamelled or otherwise treated (including Mannesmann tubes and tubes obtained by swaging), whether or not with sockets or flanges, but not otherwise worked, of a wall thickness of 4,5 mm or less
ex 73.18-32	
ex 73.18-34	
ex 73.18-36	
ex 73.18-38	
ex 73.18-41	
ex 73.18-42	
ex 73.18-44	
ex 73.18-46	
ex 73.18-48	
ex 73.18-51	
ex 73.18-52	
ex 73.18-54	

ANNEX III

A. List of products in respect of which quantitative restrictions will be suspended at regional level according to the French regulations provided for the system without quantitative limits (SLQ)

NIMEXE code 1987

27.07-25

27.07-29

32.05-10

32.05-20

32.05-30

32.05-40

32.05-50

B. List of products in respect of which quantitative restrictions will be suspended at regional level according to the Italian regulations provided for the automatic licensing arrangements (TLA)

CN code	Product	CN code	Product	
2817 00 00	Zinc oxide	ex 3901 10 10	Plastics	
2824 20 00	Lead	3907 10 00		
2835 31 00	Polyphosphates (including sodium tripolyphosphate)	3907 20 11		
2835 39 90		3907 20 19		
2841 30 00	Sodium dichromate	3907 20 90		
2849 10 00	Calcium carbide	3907 30 00		
2902 50 00	Styrene	3907 40 00		
2905 16 10	Octyl alcohols	3907 50 00		
2905 16 90		3907 60 00		
2907 11 00	Phenol and its salts	3907 91 00		
2912 41 00	Vanillin and ethylvanillin	3907 99 00		
2912 42 00		3909 10 00		
2918 90 00	Other carboxylic acids with simple or complex oxygen function	3909 20 00		
2932 90 70		3909 30 00		
2926 10 00	Acrylonitrile	3909 40 00		
2933 71 00	Caprolactam	3909 50 00		
2941 10 00	Antibiotics (excluding chloramphenicol and tetracyclines)	3910 00 00		
2941 50 00		3911 90 10		
2941 90 00		3914 00 00		
		3915 90 99		
3204 11 00	Synthetic organic dyes	3916 90 11		
3204 12 00		3916 90 13		
3204 13 00		3916 90 15		
3204 14 00		3916 90 19		
3204 15 00		3917 29 11		
3204 16 00		3917 29 13		
3204 17 00		3917 31 90		
3204 19 00		3917 32 11		
3206 42 00		Lithopone	3917 32 19	
3301 11 10		Medical essential oils	3917 39 11	
3301 12 10	3917 39 13			
3301 13 10	3919 10 10			
3301 14 10	3919 10 39			
3301 19 10	3919 90 31			
3301 90 10	3919 90 35			
3601 00 00	Gunpowder	3919 90 39		
3808 30 10	Herbicides and activated substances	3920 61 00		
ex 3808 30 90		3920 62 00		
		3920 63 00		
		3920 69 00		
		3920 92 00		
		3920 93 00		
		3920 94 00		
		3920 99 11		
		3920 99 19		
		3921 13 00		
		3921 19 10		
		3921 19 90		
		3921 90 11		
		3921 90 19		
		3921 90 20		
		3921 90 30		
		3921 90 41		
		3921 90 43		
		3921 90 49		
		3921 90 50		

CN code	Product	CN code	Product	
3901 10 10	Polymerization and copolymerization products	3920 20 50	Polymerization and copolymerization products (<i>cont'd</i>)	
3901 10 90		3920 20 71		
3901 20 00		3920 20 79		
3902 10 00		3920 20 90		
3902 20 00		3920 30 00		
3903 11 00		3920 41 10		
3903 19 00		3920 41 90		
3903 20 00		3920 42 10		
3903 30 00		3920 42 90		
3903 90 00		3920 51 00		
3904 10 00		3920 59 00		
3904 21 00		3920 99 50		
3904 22 00		3921 11 00		
3904 30 00		3921 12 00		
3904 40 00		3921 19 90		
3904 50 00		3921 90 60		
3904 61 00		4814 20 00		
3904 69 00		3915 90 91		Cellophane
3904 90 00		3916 90 90		
3905 11 00		3917 10 90		
3905 19 00		3917 29 19		
3905 20 00		3917 32 51		
3905 90 00		3917 39 19		
3906 10 00		3919 10 90		
3906 90 00		3920 71 11		
3911 10 00		3920 71 19		
3914 00 00		3920 71 90		
3915 10 00		3921 90 90		
3915 20 00		3912 20 11		Cellulose nitrates
3915 30 00		3912 20 19		
3915 90 11		3912 20 90		
3915 90 13		3915 90 91		
3915 90 19		3916 90 90		
3916 10 00		3917 29 19		
3916 20 00	3917 32 51			
3916 90 51	3917 39 19			
3916 90 59	3919 10 90			
3917 21 10	3919 90 90			
3917 22 10	3920 79 00			
3917 23 10	3921 19 90			
3917 29 15	3921 90 90			
3917 32 31	4002 11 00	Synthetic rubber lattice		
3917 32 35	4002 20 00			
3917 32 39	4002 31 00			
3917 39 15	4002 39 00			
3918 10 10	4002 41 00			
3918 10 90	4002 51 00			
3918 90 00	4002 60 00			
3919 10 10	4002 70 00			
3919 10 51	4002 91 00			
3919 10 59				
3919 90 50				
3920 10 11				
3920 10 19				
3920 10 90				
3920 20 10				

CN code	Product	CN code	Product
4010 10 00	Conveyor or transmission belts or belting, of vulcanized rubber	8470 10 00	Electronic calculating machines and parts
4010 91 00		8470 21 00	
4010 99 00		8470 29 00	
4104 10 10	Prepared bovine (including buffalo) and equine leather excluding those falling within CN codes 4108 00 10, 4108 00 90 and 4109 00 00	8473 21 00	Primary batteries
4104 22 10		8506 11 10	
		8506 11 90	
	8506 12 00		
	8506 13 00		
	8506 19 10		
	8506 19 90		
	8506 20 00		
	8506 90 00		
		8456 90 00	
5001 00 00	Silkworm cocoons	8543 30 00	
7202 21 10	Ferro-silicon		
7202 21 90			
7202 29 00			
7202 30 00	Ferro-silico-manganese		
7202 80 00	Ferro-tungsten	8543 20 00	Low and high frequency electrical generators
9406 00 30	Hangars, houses and similar buildings of cast iron, iron or steel		
7325 10 10	Cast iron manhole covers	8544 11 10	Insulated electric wire, cable, bars, strip and the like and materials for electrical installations
		8544 11 90	
		8544 19 10	
	8544 19 90		
	8544 20 10		
	8544 20 91		
	8544 20 99		
	8544 30 90		
	8544 41 00		
	8544 49 10		
	8544 49 90		
	8544 51 00		
	8544 59 10		
	8544 59 91		
	8544 59 93		
	8544 59 99		
	8544 60 11		
	8544 60 13		
	8544 60 19		
	8544 60 91		
	8544 60 93		
	8544 60 99		
		8545 11 00	Carbons for projectors and other carbon products
8429 30 00	Excavating, levelling, ramping, boring and extracting machinery for earth; parts	8545 19 10	
8429 40 90		8545 19 90	Graphite electrodes
8429 51 90	Construction and roadworks machinery, parts and accessories	8545 20 00	
8429 52 00		8545 90 90	
8429 59 00			
8430 10 00		8546 10 00	Insulating materials for electrical installations, including high and low voltage porcelain insulators
8430 20 00		8546 20 10	
8430 31 00		8546 20 91	
8430 39 00		8546 20 99	
8430 41 00		8546 90 90	
8430 49 00			
8430 50 00			
8430 61 00		8701 10 10	Tractors, their parts and accessories
8430 62 00		8701 10 90	
8430 69 00		8701 20 10	
	8701 20 90		
	8701 30 00		
	8701 90 11		
	8701 90 15		
	8701 90 21		
	8701 90 25		
8431 41 00			
8431 42 00			
8431 43 00			
8431 49 10			
8431 49 90			

CN code	Product	CN code	Product
8701 90 31 8701 90 35 8701 90 39 8701 90 50 8701 90 90	Tractors, their parts and accessories (cont'd)	ex 2934 90 90	6-aminopenicillanic acid
ex 8708		ex 2707 99 91	Mineral oil derivatives
8903 91 10 8903 92 10	Pleasure or sports vessels	ex 3915 90 99	Broken film (waste and scrap pieces)
9305 21 00 9305 30 91 9305 30 93	Ammunition for sporting guns	7901 11 00	Zinc, not alloyed, containing by weight 99,99 % or more of zinc
7217 11 10 7217 11 90 7217 12 10 7217 12 90 7217 13 11 7217 13 19 7217 13 91 7217 13 99 7217 19 10 7217 19 90 7217 21 00 7217 22 00 7217 23 00 7217 29 00	Iron or steel wire, whether or not coated, but not insulated	ex 7325 99 90	Metal tool boxes
ex 7207 20 19 ex 7207 20 39 ex 7207 20 59 ex 7207 20 79	Forged products containing by weight 0,6 % or more of carbon	ex 7326 90 91 ex 7326 90 93	
7218 90 30 7218 90 91 7218 90 99		ex 7325 91 00	Other articles of iron or steel
7224 90 19 7224 90 91 7224 90 99		7326 11 00 7326 20 10 7326 20 90 7326 90 40 7326 90 50 7326 90 60 7326 90 70 7326 90 91 7326 90 93 7326 90 99	
7307 21 00 7307 91 00	Flanges for tubes of cast iron, iron or steel	ex 7326 90 91 ex 7326 90 93 ex 7326 90 99	Tent pegs, poles and accessories
ex 7307 29 10 ex 7307 99 10	Couplings for tubes of cast iron, iron or steel	ex 8407 10 10 ex 8407 90 10	Engines for recreational aircraft
		4006 10 00 4006 90 00	Articles of plastic or rubber
		5604 20 00 5604 90 00	
		7310 10 00 7310 21 91 7310 21 99 7310 29 10 7310 29 90	Articles of metal
		7325 10 10 7325 10 90 7325 99 10 7325 99 90	

EXCHANGE OF LETTERS**concerning the combined nomenclature****A. Letter from the Community**

Sir,

1. In the negotiations which led to the signing of the Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products and in conformity with Article 1 (1) thereof it was agreed that the identification and classification of the products covered by Annexes to the Agreement shall be based on the combined nomenclature derived from the Harmonized Commodity Description and Coding System.
2. The identification and classification contained in the initialled Annex being based on the nomenclature of the Common Customs Tariff and the nomenclature of goods for the external trade statistics of the Community and the statistics of trade between its Member States (NIMEXE) as it existed on 31 December 1987 shall be modified by the Community in order to comply with the provisions of paragraph 1.
3. The modifications effected pursuant to paragraph 2 shall not lead to a significant change in the extent of the liberalizations to be accorded pursuant to Article 4.

I would be grateful for confirmation of your agreement with the terms of this letter.

Please accept, Sir, the assurance of my highest consideration.

B. Letter from Czechoslovakia

Sir,

I have the honour to acknowledge receipt of your letter of today which reads as follows:

1. In the negotiations which led to the signing of the Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products and in conformity with Article 1 (1) thereof it was agreed that the identification and classification of the products covered by Annexes to the Agreement shall be based on the combined nomenclature derived from the Harmonized Commodity Description and Coding System.
2. The identification and classification contained in the initialled Annex being based on the nomenclature of the Common Customs Tariff and the nomenclature of goods for the external trade statistics of the Community and the statistics of trade between its Member States (NIMEXE) as it existed on 31 December 1987 shall be modified by the Community in order to comply with the provisions of paragraph 1.
3. The modifications effected pursuant to paragraph 2 shall not lead to a significant change in the extent of the liberalizations to be accorded pursuant to Article 4.

I have the honour to confirm the agreement of my Government with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

AGREEMENT

in the form of an Exchange of Letters between the European Economic Community and the Czechoslovak Socialist Republic concerning 'Testausschreibung'

A. Letter from the Community

Brussels, 27 January 1989

Sir,

Since the beginning of 1980, a new import scheme aimed at subsequent liberalization ('Testausschreibung') has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The 'Testausschreibung' is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the 'Testausschreibung', the particular importance which Czechoslovakia attaches to the expansion of economic relations and Czechoslovakia's contractual relations with the Community will be taken into consideration.

In the event that, in particular instances, as a result of Czechoslovak exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, Czechoslovakia will be informed to this effect immediately and prior consultation may take place if Czechoslovakia so requests.

I should be obliged if you would confirm that your Government is in agreement with the above.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council
of the European Communities*

B. Letter from Czechoslovakia

Brussels, 27 January 1989

Sir,

I have the honour to acknowledge receipt of your letter of today which reads as follows:

'Since the beginning of 1980, a new import scheme aimed at subsequent liberalization ("Testausschreibung") has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The "Testausschreibung" is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the "Testausschreibung", the particular importance which Czechoslovakia attaches to the expansion of economic relations and Czechoslovakia's contractual relations with the Community will be taken into consideration.

In the event that, in particular instances, as a result of Czechoslovak exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, Czechoslovakia will be informed to this effect immediately and prior consultation may take place if Czechoslovakia so requests.

I should be obliged if you would confirm that your Government is in agreement with the above.'

I have the honour to confirm that my Government is in agreement with the contents of your letter.

Please accept, Sir, the assurance of my highest consideration.

*For the Government of
the Czechoslovak Socialist Republic*

Information on the date of entry into force of the Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products ⁽¹⁾

The instruments of notification of the completion of the procedures for the entry into force of the Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products, signed in Brussels on 16 December 1988, having been exchanged on 20 March 1989, the Agreement will enter into force on 1 April 1989, in accordance with Article 14 thereof.

⁽¹⁾ See page 2 of this Official Journal.

COUNCIL REGULATION (EEC) No 4061/89

of 22 December 1989

implementing certain provisions of the Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas an Agreement on trade in industrial products between the European Economic Community and the Czechoslovak Socialist Republic, hereinafter referred to as the 'Agreement', was signed in Brussels on 19 December 1988⁽¹⁾;

Whereas Annexes I, II and III A to that Agreement contain lists of products identified and classified according to the 1987 NIMEXE nomenclature; whereas in the Exchange of Letters concerning the combined nomenclature, annexed to the said Agreement, the Community undertakes to amend the NIMEXE nomenclature, replacing it with the combined nomenclature, replacing it with the combined nomenclature (CN) codes; whereas Annex III B to the Agreement already identifies products according to the combined nomenclature, although for practical reasons all the Annexes to the Agreement should be reproduced together;

Whereas, pursuant to Article 4 of the Agreement, the Community undertakes to eliminate quantitative restrictions on imports of products into regions of the Community of those products listed in Annex II to that Agreement; whereas, moreover, under Article 5 of that Agreement, the Community undertakes to suspend the application of quantitative restrictions on imports into regions of the Community of those products, listed in Annex III of that Agreement, on the terms and conditions specified therein; whereas, pursuant to Commission decisions the subjects of Communications C(88) 1478⁽²⁾ and C(88) 2245⁽³⁾, the Community has already adopted, on the one hand, the measures referred to in Annex III B to the Agreement and, on the other hand, some of the measures referred to in Annex II A to that Agreement; whereas the quantitative restrictions on imports of the other products listed in the latter Annex and now listed in Annex IV to this Regulation should therefore be abolished;

Whereas this will mean that imports into the Community of any of the products appearing in Annex II A will be free of all quantitative restrictions; whereas these products can therefore be covered by Council Regulation (EEC) No

⁽¹⁾ OJ No L 88, 31. 3. 1989, p. 1.

⁽²⁾ OJ No C 204, 5. 8. 1988, p. 2.

⁽³⁾ OJ No C 315, 10. 12. 1988, p. 6.

1765/82 of 30 June 1982 on common rules for imports from State-trading countries⁽⁴⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Annexes I, II and III to the Agreement between the European Economic Community and the Czechoslovak Socialist Republic on trade in industrial products are hereby replaced by the corresponding Annexes to this Regulation.

Article 2

1. The quantitative restrictions on the release for free circulation in the Community of the products listed in Annex II B are hereby abolished in the Member States specified in the Annex in relation to those products.
2. The application of quantitative restrictions to the release for free circulation in the Community of products listed in Annex III A originating in Czechoslovakia is hereby suspended in France on the terms and conditions specified in that Annex.
3. The quantitative restrictions on the release for free circulation in the Community of products listed in Annex IV originating in Czechoslovakia are hereby abolished throughout the Community.

Article 3

Imports into the Community of the products appearing in Annex II A originating in Czechoslovakia shall be subject to Regulation (EEC) No 1765/82. These products shall be added to the Annex to that Regulation.

Article 4

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

⁽⁴⁾ OJ No L 195, 5. 7. 1982, p. 1.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 22 December 1989.

For the Council
The President
E. CRESSON

ANNEX I

Products falling within Chapters 25 to 96 which are not covered by the Agreement

CN code 1988	Signification of CN codes marked 'ex'
2905 43 00 2905 44 11 2905 44 19 2905 44 91 2905 44 99	
3505 10 10 3505 10 90 3505 20 10 3505 20 30 3505 20 50 3505 20 90	
3809 10 10 3809 10 30 3809 10 50 3809 10 90	
ex 3809 91 00	Excluding prepared mordants and auxiliary products of the types used for the textile industry
ex 3809 92 00	Excluding auxiliary products of the types used for the paper industry
ex 3809 99 00	Excluding auxiliary products of the types used for the leather and furskin industries
3823 60 11 3823 60 19 3823 60 91 3823 60 99	
4501 10 00 4501 90 00	
5301 10 00 5301 21 00 5301 29 00 5301 30 10 5301 30 90	
5302 10 00 5302 90 00	

ANNEX

A. Products in respect of which quantitative restrictions are abolished at Community level

CN code 1988	Signification of CN codes marked 'ex'	CN code 1988	Signification of CN codes marked 'ex'
2529 10 00 2529 21 00 2529 22 00 2529 30 00		3206 49 10 ex 3206 49 90 3206 50 00	Mineral blacks
2704 00 11 2704 00 90		3606 10 00 3606 90 10	
2833 30 10		ex 3809 92 00	Auxiliary products
ex 2844 40 00	Inorganic products of a kind used as luminophores	ex 3811 11 90	Based on tetramethyl-lead, on ethylmethyl-lead or on mixtures of tetraethyl-lead and tetramethyl-lead
2903 29 00 2903 30 10		3818 00 10	
2905 12 00 2905 16 10 2905 16 90 ex 2905 22 10 2905 22 90 2905 29 00 2905 50 30	Geraniol	3819 00 00 ex 3823 10 00 ex 3823 90 40	Based on synthetic resins Crude calcium tartrate; crude calcium citrate
2907 22 90 2907 23 10 2907 23 90 2907 29 90		3823 90 81 3907 20 11 4002 31 00 4002 49 00 4002 99 10	
ex 2912 50 00 2912 60 00	1,3,5-Trioxane	ex 4005 99 00	Natural rubber modified by the incorporation of plastics; polychlorobutadiene; isobutene-isoprene (butyl) rubber (IIR)
ex 2917 34 10	Diisocrylorthophthalates		
2918 13 00 2918 29 50 2918 29 90 ex 2918 30 00		4006 10 00 4104 10 30 ex 4104 22 10	Calf-leather
2921 12 00 2921 21 00 2921 22 00 2921 44 00 ex 2921 45 00		5307 10 10 5307 10 90 5307 20 00	
ex 2921 49 90	2-Naphthylamine (β -naphthylamine) and its derivatives; salts thereof	ex 5311 00 90	Of hemp
ex 2922 19 00	N-Methyl-N,2,4,6,-tetranitroaniline (tenyl)	5403 33 10 ex 5604 20 00 ex 5604 90 00	Impregnated or coated with rubber Impregnated or coated with rubber
2933 11 10 ex 2933 59 90	Aminoarylethanol and their salts	ex 5905 00 90	Of hemp
ex 3003 10 00 3003 90 10	Piperazine (diethylenediamine) and 2,5-dimethylpiperazine (2,5-dimethyldiethylenediamine) and their salts	ex 7008 00 11 ex 7008 00 19 ex 7008 00 91 ex 7008 00 99	With an interlayer of fibre-glass With an interlayer of fibre-glass With an interlayer of fibre-glass With an interlayer of fibre-glass
ex 3004 10 90 3004 90 91	Containing streptomycins or derivatives thereof	ex 7305 39 00 ex 7305 90 00	High-pressure hydro-electric conduits, spirally welded High-pressure hydro-electric conduits, other than seamless, not welded

CN code 1988	Signification of CN codes marked 'ex'	CN code 1988	Signification of CN codes marked 'ex'
7307 93 99	Non-calibrated steel balls (see Note 6 to Chapter 84)	8104 11 00	Road rollers
7308 10 00		8104 19 00	
7325 91 00		8110 00 11	
7326 11 00		8429 11 00	
7326 20 30		8429 19 00	
ex 7326 90 99		8429 20 00	
7803 00 00		ex 8430 61 00	
7804 11 00		ex 8443 29 00	
7804 19 00		8443 30 00	
7804 20 00		8443 40 00	
7805 00 00		ex 8470 50 00	
7903 90 00		ex 8473 29 00	
ex 7904 00 00		ex 8473 40 00	
		8545 19 10	
	8545 90 10		

B. Products in respect of which quantitative restrictions are abolished at regional level

BENELUX		CN code 1988		Footnote
CN code 1988	Footnote			
ex 5310 10 90	(1)	ex 7304 39 99		(5)
ex 5403 20 90	(2)	ex 7304 41 10		(5)
5403 31 00		ex 7304 41 90		(5)
ex 5403 32 00	(2)	ex 7304 49 10		(5)
		ex 7304 49 30		(5)
		ex 7304 49 91		(5)
		ex 7304 49 99		(5)
		ex 7304 51 11		(5)
		ex 7304 51 19		(5)
		ex 7304 51 30		(5)
		ex 7304 51 91		(5)
		ex 7304 59 10		(5)
		ex 7304 59 31		(5)
		ex 7304 59 39		(5)
		ex 7304 59 30		(5)
		ex 7304 59 91		(5)
		ex 7304 59 93		(5)
		ex 7304 59 99		(5)
		ex 7304 90 10		(5)
		ex 7305 11 00		(6)
		ex 7305 12 00		(6)
		ex 7305 19 00		(7)
		ex 7305 20 10		(6)
		ex 7305 20 90		(7)
		ex 7305 31 00		(8)
		ex 7305 39 00		(9)
		ex 7306 10 11		(6)
		ex 7306 10 19		(6)
		ex 7306 10 90		(6)
		ex 7306 20 00		(10)
		ex 7306 30 10		(6)
		ex 7306 30 21		(5)
		ex 7306 30 29		(5)
		ex 7306 30 30		(5)
		ex 7306 30 71		(11)

CN code 1988.	Footnote	CN code 1988	Footnote
ex 7306 30 79	(11)	6205 90 10	
ex 7306 30 90	(11)	6206 90 10	
ex 7306 40 10	(2)	6403 20 00	
ex 7306 40 91	(2)	6403 40 00	
ex 7306 40 99	(2)	6403 51 11	
ex 7306 50 10	(2)	6403 51 91	
ex 7306 50 91	(2)	6403 59 31	
ex 7306 50 99	(2)	6403 59 91	
ex 7306 60 10	(4)	6403 91 11	
		6403 91 91	
		6403 99 31	
		6403 99 91	
FEDERAL REPUBLIC OF GERMANY		6908 90 51	
CN code 1988	Footnote	7202 41 90	
4410 10 50		7202 80 00	
4411 21 00		7601 10 00	
4411 31 00		7601 20 10	
4411 99 00			

(Signification of the CN codes marked 'ex')

- (1) Of jute, of a width not exceeding 310 cm
- (2) Single yarn of viscose rayon, untwisted or with a twist not exceeding 250 turns per metre
- (2) With a twist not exceeding 250 turns per metre.
- (4) For television aerials
- (2) Tubes and pipes of a wall-thickness not exceeding 4,5 mm.
- (4) Tubes and pipes of a wall-thickness not exceeding 4,5 mm, excluding tubes and pipes of cast iron
- (7) Tubes and pipes, spirally welded, of a wall-thickness not exceeding 4,5 mm, excluding tubes and pipes of cast iron
- (2) Tubes and pipes of a wall-thickness not exceeding 4,5 mm, excluding:
 - tubes and pipes of cast iron,
 - high pressure hydro-electric conduits
- (2) Tubes and pipes, spirally welded, of a wall-thickness not exceeding 4,5 mm, excluding:
 - tubes and pipes of cast iron,
 - high pressure hydro-electric conduits
- (10) Welded, of a wall-thickness not exceeding 4,5 mm.
- (11) Of a wall-thickness not exceeding 4,5 mm.

ANNEX III

A. List of products in respect of which quantitative restrictions are suspended at regional level according to the French regulations provided for the system without quantitative limits (SLQ)

CN code 1988	Signification of CN codes marked 'ex'
2707 20 10 2702 30 10 2707 50 10 ex 2707 99 30	Sulphuretted toppings, for use as power or heating fuels
ex 3203 00 19	Natural indigo
3204 11 00 3204 12 00 3204 13 00 3204 14 00 3204 15 00 3204 16 00 3204 17 00 3204 18 00 3204 19 00 3204 20 00 3204 90 00	

B. List of products in respect of which quantitative restrictions are suspended at regional level according to the Italian regulations provided for the automatic licensing arrangements (TLA)

CN code	Product	CN code	Product
2817 00 00	Zinc oxide	2926 10 00	Acrylonitrile
2824 20 00	Lead	2933 71 00	Caprolactam
2835 31 00 2835 39 90	Polyphosphates (including sodium tripolyphosphate)	2941 10 00 2941 50 00 2941 90 00	Antibiotics (excluding chloramphenicol and tetracyclines)
2841 30 00	Sodium dichromate	3204 11 00	Synthetic organic dyes
2849 10 00	Calcium carbide	3204 12 00	
2902 50 00	Styrene	3204 13 00	
2905 16 10 2905 16 90	Octyl alcohols	3204 14 00 3204 15 00 3204 16 00	
2907 11 00	Phenol and its salts	3204 17 00 3204 19 00	
2912 41 00 2912 42 00	Vanillin and ethylvanillin	3206 42 00	
2918 90 00	Other carboxylic acids with simple or complex oxygen function	3301 11 10 3301 12 10 3301 13 10 3301 14 10 3301 19 10 3301 90 10	Medical essential oils
2932 90 70		3601 00 00	Gunpowder

CN code	Product	CN code	Product
3808 30 10 ex 3808 30 90	Herbicides and activated substances	3901 10 10 3901 10 90 3901 20 00	Polymerization and copolymerization products
ex 3901 10 10	Plastics	3902 10 00 3902 20 00	
3907 10 00 3907 20 11 3907 20 19 3907 20 90 3907 30 00 3907 40 00 3907 50 00 3907 60 00 3907 91 00 3907 99 00		3903 11 00 3903 19 00 3903 20 00 3903 30 00 3903 90 00	
3909 10 00 3909 20 00 3909 30 00 3909 40 00 3909 50 00		3904 10 00 3904 21 00 3904 22 00 3904 30 00 3904 40 00 3904 50 00 3904 61 00 3904 69 00 3904 90 00	
3910 00 00		3905 11 00 3905 19 00 3905 20 00 3905 90 00	
3911 90 10		3906 10 00 3906 90 00	
3914 00 00		3911 10 00	
3915 90 99		3914 00 00	
3916 90 11 3916 90 13 3916 90 15 3916 90 19		3915 10 00 3915 20 00 3915 30 00 3915 90 11 3915 90 13 3915 90 19	
3917 29 11 3917 29 13 3917 31 90 3917 32 11 3917 32 19 3917 39 11 3917 39 13		3916 10 00 3916 20 00 3916 90 51 3916 90 59	
3919 10 10 3919 10 39 3919 90 31 3919 90 35 3919 90 39		3917 21 10 3917 22 10 3917 23 10 3917 29 15 3917 32 31 3917 32 35 3917 32 39 3917 39 15	
3920 61 00 3920 62 00 3920 63 00 3920 69 00 3920 92 00 3920 93 00 3920 94 00 3920 99 11 3920 99 19		3918 10 10 3918 10 90 3918 90 00	
3921 13 00 3921 19 10 3921 19 90 3921 90 11 3921 90 19 3921 90 20 3921 90 30 3921 90 41 3921 90 43 3921 90 49 3921 90 50		3919 10 10 3919 10 51 3919 10 59 3919 90 50	
		3920 10 11 3920 10 19 3920 10 90 3920 20 10	

CN code	Product	CN code	Product	
3920 20 50	Polymerization and copolymerization products (<i>cont'd</i>)	4010 10 00	Conveyor or transmission belts or belting, of vulcanized rubber	
3920 20 71		4010 91 00		
3920 20 79		4010 99 00		
3920 20 90				
3920 30 00				
3920 41 10		4104 10 10	Prepared bovine (including buffalo) and equine leather excluding those falling within CN codes 4108 00 10, 4108 00 90 and 4109 00 00	
3920 41 90		4104 22 10		
3920 42 10				
3920 42 90				
3920 51 00				
3920 59 00		5001 00 00	Silkworm cocoons	
3920 99 50				
3921 11 00			7202 21 10	Ferro-silicon
3921 12 00			7202 21 90	
3921 19 90		7202 29 00		
3921 90 60		7202 30 00	Ferro-silico-manganese	
4814 20 00		7202 80 00	Ferro-rungsten	
3915 90 91	Cellophane	9406 00 30	Hangars, houses and similar buildings of cast iron, iron or steel	
3916 90 90				
3917 10 90		7325 10 10	Cast iron manhole covers	
3917 29 19				
3917 32 51		7601 10 00	Unwrought aluminium	
3917 39 19		7601 20 10		
		7601 20 90		
3919 10 90				
3920 71 11			7614 10 00	Stranded wire cables, plaited bands and the like, of aluminium wire
3920 71 19			7614 90 10	
3920 71 90		7614 90 90		
3921 90 90		7901 11 00	Unwrought zinc	
		7901 12 10		
		7901 12 30		
		7901 12 90		
3912 20 11	Cellulose nitrates	7901 20 00	Zinc alloys	
3912 20 19				
3912 20 90				
3915 90 91		8110 00 19	Antimony waste	
3916 90 90				
3917 29 19		8429 30 00	Excavating, levelling, ramping, boring and extracting machinery for earth; parts	
3917 32 51		8429 40 90		
3917 39 19		8429 51 90	Construction and roadworks machinery, parts and accessories	
		8429 52 00		
		8429 59 00		
3919 10 90		8430 10 00		
3919 90 90		8430 20 00		
		8430 31 00		
3920 79 00		8430 39 00		
		8430 41 00		
		8430 49 00		
		8430 50 00		
		8430 61 00		
		8430 62 00		
		8430 69 00		
4002 11 00	Synthetic rubber lattice	8431 41 00		
4002 20 00			8431 42 00	
4002 31 00			8431 43 00	
4002 39 00			8431 49 10	
4002 41 00			8431 49 90	
4002 51 00				
4002 60 00				
4002 70 00				
4002 91 00				

CN code	Product	CN code	Product
8470 10 00	Electronic calculating machines and parts	8701 90 31	Tractors, their parts and accessories (cont'd)
8470 21 00		8701 90 35	
8470 29 00		8701 90 39	
8473 21 00	8701 90 50		
		8701 90 90	
8506 11 10	Primary batteries	ex 8708	
8506 11 90			
8506 12 00		8903 91 10	Pleasure or sports vessels
8506 13 00		8903 92 10	
8506 19 10			
8506 19 90			
8506 20 00		9305 21 00	Ammunition for sporting guns
8506 90 00		9305 30 91	
		9305 30 93	
8456 90 00	Electroplating equipment, spare parts and accessories	7217 11 10	Iron or steel wire, whether or not coated, but not insulated
8543 30 00		7217 11 90	
		7217 12 10	
		7217 12 90	
8543 20 00	Low and high frequency electrical generators	7217 13 11	
		7217 13 91	
8544 11 10	Insulated electric wire, cable, bars, strip and the like and materials for electrical installations	7217 13 99	
8544 11 90			
8544 19 10		7217 19 10	
8544 19 90		7217 19 90	
8544 20 10		7217 21 00	
8544 20 91		7217 22 00	
8544 20 99		7217 23 00	
8544 30 90		7217 29 00	
8544 41 00			
8544 49 10		ex 7207 20 19	Forged products containing by weight 0,6 % or more of carbon
8544 49 90		ex 7207 20 39	
8544 51 00		ex 7207 20 59	
8544 59 10		ex 7207 20 79	
8544 59 91			
8544 59 93		7218 90 30	
8544 59 99		7218 90 91	
8544 60 11		7218 90 99	
8544 60 13			
8544 60 19	7224 90 19		
8544 60 91	7224 90 91		
8544 60 93	7224 90 99		
8544 60 99			
8545 11 00	Carbons for projectors and other carbon products	7307 21 00	Flanges for tubes of cast iron, iron or steel
8545 19 10		7307 91 00	
8545 19 90	Graphite electrodes		
8545 20 00		ex 7307 29 10	Couplings for tubes of cast iron, iron or steel
8545 90 90		ex 7307 99 10	
8546 10 00	Insulating materials for electrical installations, including high and low voltage porcelain insulators	ex 2934 90 90	6-aminopenicillanic acid
8546 20 10			
8546 20 91		ex 2707 99 91	Mineral oil derivatives
8546 20 99			
8546 90 90		ex 3915 90 99	Broken film (waste and scrap pieces)
8701 10 10	Tractors, their parts and accessories		
8701 10 90			
8701 20 10		7901 11 00	Zinc, not alloyed, containing by weight 99,99 % or more of zinc
8701 20 90			
8701 30 00			
8701 90 11		ex 7325 99 90	Metal tool boxes
8701 90 15			
8701 90 21		ex 7326 90 91	
8701 90 25		ex 7326 90 93	

CN code	Product	CN code	Product
ex 7325 91 00	Other articles of iron or steel	4006 10 00	Articles of plastic or rubber
7326 11 00		4006 90 00	
7326 20 10			
7326 20 90		5604 20 00	
7326 90 40		5604 90 00	
7326 90 50			Articles of metal
7326 90 60		7310 10 00	
7326 90 70		7310 21 91	
7326 90 91		7310 21 99	
7326 90 93		7310 29 10	
7326 90 99	7310 29 90		
ex 7326 90 91	Tent pegs, poles and accessories	7325 10 10	
ex 7326 90 93		7325 10 90	
ex 7326 90 99		7325 99 10	
ex 8407 10 10	Engines for recreational aircraft	7325 99 90	
ex 8407 90 10			

ANNEX IV

Products appearing in Annex II A to the EEC-Czechoslovakia Agreement not covered by previous liberalization decisions, in respect of which quantitative restrictions are abolished at Community level

CN code 1988	Signification of CN codes marked 'ex'	CN code 1988	Signification of CN codes marked 'ex'
2529 21 00		3206 49 10	
2529 22 00		ex 3206 49 90	Mineral blacks
2529 30 00		3206 50 00	
2704 00 11		3606 10 00	
2704 00 90		3606 90 10	
2833 30 10		ex 3809 92 00	Auxiliary products
ex 2844 40 00	Inorganic products of a kind used as luminophores	ex 3811 11.90	Based on tetramethyl-lead, on ethylmethyl-lead or on mixtures of tetraethyl-lead and tetramethyl-lead
2903 29 00			
2903 30 10		3818 00 10	
2905 12 00		3819 00 00	
2905 16 10			
2905 16 90		ex 3823 10 00	Based on synthetic resins
ex 2905 22 10	Geraniol	ex 3823 90 40	Crude calcium tartrate; crude calcium citrate
2905 22 90			
2905 29 00		3823 90 81	
2905 50 30			
2907 22 90		3907 20 11	
2907 23 10			
2907 23 90		4002 49 00	
2907 29 90		4002 99 10	
ex 2912 50 00	1,3,5-Trioxane	ex 4005 99 00	Natural rubber modified by the incorporation of plastics: polychlorobutadiene; isobutene-isoprene (butyl) rubber (IIR)
2912 60 00			
ex 2917 34 10	Diisocrylorthophthalates		
2918 13 00		5307 10 10	
2918 29 50		5307 10 90	
ex 2918 30 00	Excluding dehydrocholic acid (INN) and its salts	5307 20 00	
2921 12 00		ex 5311 00 90	Of hemp
2921 21 00			
2921 22 00		5403 33 10	
2921 44 00			
ex 2921 45 00	2-Naphthylamine (β -naphthylamine) and its derivatives; salts thereof	ex 5905 00 90	Of hemp
ex 2921 49 90	N-Methyl-N,2,4,6-tetranitroaniline (tetryl)	ex 7008 00 11	With an interlayer of fibre-glass
		ex 7008 00 19	With an interlayer of fibre-glass
		ex 7008 00 91	With an interlayer of fibre-glass
ex 2922 19 00	Aminoarylethanol and their salts	ex 7008 00 99	With an interlayer of fibre-glass
2933 11 10		ex 7305 39 00	High-pressure hydro-electric conduits, spirally welded
ex 2933 59 90	Piperazine (diethylenediamine) and 2,5-dimethylpiperazine (2,5-dimethyldiethylenediamine) and their salts	ex 7305 90 00	High-pressure hydro-electric conduits, other than seamless, not welded
ex 3003 10 00	Containing streptomycins or derivatives thereof	7307 93 99	
3003 90 10		7308 10 00	
ex 3004 10 90	Containing streptomycins or derivatives thereof	7325 91 00	
3004 90 91			

CN code 1988	Signification of CN codes marked 'ex'	CN code 1988	Signification of CN codes marked 'ex'
7326 11 00		8110 00 11	
7803 00 00		ex 8443 29 00	Two-revolution cylinder letterpress printing machines, printing only one side of the sheet at each pass
7804 11 00		8443 30 00	
7804 19 00		8443 40 00	
7804 20 00		ex 8470 50 00	Electronic
7805 00 00		ex 8473 29 00	Of calculating machines of CN code 8470 30 00
7903 90 00		ex 8473 40 00	Address plates for the machines of CN code 8472 20 00
ex 7904 00 00	Excluding hollow bars		
8104 11 00		8545 19 10	
8104 19 00		8545 90 10	

HUNGARY

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 21 November 1988

concerning the conclusion of an Agreement between the European Economic Community and the Hungarian People's Republic on trade and commercial and economic cooperation

(88/595/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 235 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Whereas the conclusion of the Agreement between the European Economic Community and the Hungarian People's Republic on trade and commercial and economic cooperation appears necessary for the attainment of the aims of the Community in the sphere of external economic relations;

Whereas it appears that certain measures of economic cooperation provided for by the Agreement exceed the powers of action provided for in the Treaty, and in particular those specified in the field of the common commercial policy,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement between the European Economic Community and the Hungarian People's Republic on trade

and commercial and economic cooperation is hereby approved on behalf of the Community.

The text of the Agreement is attached to this Decision.

Article 2

The President of the Council shall give the notification provided for in Article 16 of the Agreement ⁽³⁾.

Article 3

The Community shall be represented on the joint committee set up in Article 13 of the Agreement by the Commission, assisted by representatives of the Member States.

Article 4

This Decision shall take effect on the day following its publication in the *Official Journal of the European Communities*.

Done at Brussels, 21 November 1988.

For the Council
The President
Th. PANGALOS

⁽¹⁾ OJ No C 271, 20. 10. 1988, p. 8.

⁽²⁾ Opinion delivered on 26 October 1988 (not yet published in the Official Journal).

⁽³⁾ See p. 34 of this Official Journal.

AGREEMENT

between the European Economic Community and the Hungarian People's Republic on trade and commercial and economic cooperation

THE EUROPEAN ECONOMIC COMMUNITY,

hereinafter called 'the Community', of the one part, and

THE HUNGARIAN PEOPLE'S REPUBLIC,

hereinafter called 'Hungary', of the other part,

CONSIDERING the traditional trade and economic links between the Community and Hungary,

TAKING INTO ACCOUNT the favourable implications for trade and economic relations between the Contracting Parties of their respective economic situations and policies,

DESIROUS of creating favourable conditions for the harmonious development and diversification of trade and the promotion of commercial and economic cooperation on the basis of equality, non-discrimination, mutual benefit and reciprocity,

HAVING REGARD to the particular importance of foreign trade for each of the Contracting Parties and for their economic and social development,

HAVING REGARD to the importance of giving full effect to the Final Act of the Conference on security and cooperation in Europe and the Concluding Document of the Madrid meeting,

REAFFIRMING the international commitments of the Contracting Parties, in particular those arising from the General Agreement on Tariffs and Trade, including the Protocol for accession of Hungary thereto,

RECALLING Hungary's membership of the International Monetary Fund and the World Bank,

BELIEVING that the time is opportune to give further impetus to the trading and economic relationship between the Community and Hungary,

RECOGNIZING that the Community and Hungary desire to establish extensive contractual links with each other which will complement and extend the relations already existing between them,

HAVE DECIDED to conclude this Agreement and to this end have designated as their Plenipotentiaries:

THE EUROPEAN ECONOMIC COMMUNITY:

Théodoros PANGALOS

Deputy Minister for Foreign Affairs,

President-in-Office of the Council of the European Communities

Willy DE CLERCQ

Member of the Commission of the European Communities

THE HUNGARIAN PEOPLE'S REPUBLIC:

József MARJAI

Deputy Prime Minister, Minister for Trade

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

TITLE I

Commercial cooperation

Article 1

The Contracting Parties reaffirm their commitment to accord each other most-favoured nation treatment in accordance with the General Agreement on Tariffs and Trade (GATT) and the Protocol for accession of Hungary thereto.

Article 2

1. This Agreement shall apply to trade in all products originating in the Community or in Hungary with the exception of the products covered by the Treaty establishing the European Coal and Steel Community.

2. Unless otherwise specified in this Agreement, trade and other commercial cooperation between the Contracting Parties shall be conducted in accordance with their respective regulations.

Article 3

1. This Agreement shall not affect the provisions of the existing Agreements concerning trade in textile products between the Community and Hungary, nor of any such agreements subsequently concluded.

Furthermore, in the event that the Community invokes paragraph 24 of the Protocol extending the Arrangement regarding International Trade in Textiles of 31 July 1986, the provisions of the said Arrangement shall apply to the products in question.

Not later than six months before the expiry of the Agreements concerning trade in textile products referred to above, the Contracting Parties shall consult each other with a view to determining the arrangements to be applied to trade in textile products after the expiry of the said Agreements.

2. This Agreement shall not affect specific agreements or arrangements covering agricultural products in force between the Contracting Parties, or any successor agreements or arrangements.

Article 4

1. Each Contracting Party will accord the highest degree of liberalization which they generally apply to third countries to imports of the other's products taking into account all the provisions of GATT and of the Protocol for accession of Hungary thereto.

2. To this end the Community undertakes to abolish the

Protocol for accession of Hungary to the GATT in accordance with the Provisions set out in the Protocol to this Agreement.

Article 5

The Contracting Parties undertake to examine the possibility of increasing their mutual trade by the abolition, reduction or other modification of tariffs in conformity with their obligations under the GATT.

Article 6

Taking into account the importance of their trade in agricultural products and the implications of multilateral negotiations in the GATT framework, the Contracting Parties shall examine in the joint committee referred to in Title III of this Agreement, the possibility of granting each other reciprocal concessions on a product-by-product basis in the field of trade in agricultural products on the basis of Article 1.

Article 7

1. The Contracting Parties shall consult each other if any product is being imported in trade between the Community and Hungary in such increased quantities or under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products.

2. The Contracting Party requesting the consultations will supply the other Party with all the information required for a detailed examination of the situation.

3. The consultations requested pursuant to paragraph 1 will be held with due regard for the fundamental aims of the Agreement and will be completed not later than 30 days from the date of notification of the request by the Party concerned, unless the Parties agree otherwise.

4. If, as a result of such consultations, it is agreed that the situation referred to in paragraph 1 exists, exports shall be limited or such other action taken, which may include action, if possible, with respect to the price at which the exports are sold, as will prevent or remedy the injury.

5. If, following action under paragraphs 1 to 4, agreement is not reached between the Contracting Parties, the Contracting Party which requested the consultation shall be free to restrict the imports of the products concerned to the extent and for such time as is necessary to prevent or remedy the injury. The other Contracting Party shall then be free to deviate from its obligations towards the first Party in respect

6. In critical circumstances, where delay would cause damage difficult to repair, such preventive or remedial action may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

7. In the selection of measures under this Article, the Contracting Parties should give priority to those which cause the least disturbance to the functioning of this Agreement.

8. Where necessary, the Contracting Parties may hold consultations to determine when the measures adopted pursuant to paragraphs 4, 5 and 6 shall cease to apply.

9. Either Contracting Party may refer any disagreement arising out of the adoption of safeguard measures pursuant to this Article to the Contracting Parties of the GATT in accordance with Article 5 of the Protocol for accession of Hungary to the GATT provided that the procedures in this Article have been fully implemented.

Article 8

The Contracting Parties will inform each other of any modification in their tariff or statistical nomenclature or any other decision concerning the classification of products covered by this Agreement.

Article 9

Within the limits of their respective powers, the Contracting Parties:

- shall encourage the adoption of arbitration for the settlement of disputes arising out of commercial and cooperation transactions concluded by firms, enterprises and economic organizations of the Community and those of Hungary,
- agree that when a dispute is submitted to arbitration, each party to the dispute may freely choose its own arbitrator, irrespective of his nationality, and that the presiding third arbitrator or the sole arbitrator may be a citizen of a third State,
- shall encourage recourse to the arbitration rules elaborated by the United Nations Commission on International Trade Law (Uncitral) and to arbitration by any centre of a State signatory to the Convention on Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958.

Article 10

1. The Contracting Parties shall make every effort to promote, expand and diversify their trade in the

non-discrimination and reciprocity. In the spirit of this Article, the joint committee established under Title III of this Agreement will attach special importance to examining ways of encouraging the reciprocal and harmonious expansion of trade.

2. To this end the Contracting Parties agree to ensure the publication of comprehensive data on commercial and financial issues including production, consumption and foreign trade statistics, and information in accordance with Article X of GATT.

3. The Contracting Parties agree that counter-trade practices may create distortions in international trade and they should be regarded as temporary and exceptional.

For this reason they agree not to impose counter-trade requirements on companies established in the Community or in Hungary nor to compel them to engage in such trade practices.

Nevertheless, where firms or companies decide to resort to counter-trade operations, the Contracting Parties will encourage them to furnish all relevant information to facilitate the transaction.

4. In furtherance of the aims of this Article, the Contracting Parties agree that they shall maintain and improve favourable business regulations and facilities for each other's firms or companies on their respective markets, *inter alia*, as indicated in the Annex.

TITLE II

Economic cooperation

Article 11

1. In the light of their respective economic policies and objectives, the Contracting Parties shall foster economic cooperation on as broad a base as possible in all fields deemed to be in their mutual interest.

The objective of such cooperation shall be, *inter alia*:

- to reinforce and diversify economic links between the Contracting Parties,
- to contribute to the development of their respective economies and standards of living,
- to open up new sources of supply and new markets,
- to encourage cooperation between economic operators, with a view to promoting joint ventures, licensing agreements and other forms of industrial cooperation to develop their respective industries.

— to encourage scientific and technological progress.

2. In order to achieve these objectives, the Contracting Parties shall make efforts to encourage and promote economic cooperation in particular in the following sectors:

- industry,
- mining,
- agriculture, including agro-industries,
- scientific research in designated sectors in which the Contracting Parties are or may be engaged,
- energy, including the development of new sources of energy,
- transport,
- tourism,
- environmental protection and the management of natural resources.

3. To give effect to the objectives of economic cooperation and within the limits of their respective powers, the Contracting Parties shall encourage the adoption of measures aimed at creating favourable conditions for economic and industrial cooperation including:

- the facilitation of exchanges of commercial and economic information on all matters which would assist the development of trade and economic cooperation,
- the development of a favourable climate for investment, joint ventures and licensing arrangements notably by the extension by the Member States of the Community and Hungary of arrangements for investment promotion and protection, in particular for the transfer of profits and repatriation of invested capital, on the basis of the principles of non-discrimination and reciprocity,
- exchanges and contacts between persons and delegations representing commercial or other relevant organizations,
- the organization of seminars, fairs, business weeks or exhibitions,
- activities involving the provision of technical expertise in appropriate areas,
- the promotion of exchange of information and contacts on scientific subjects of mutual interest in accordance with each other's laws and policies.

Article 12

Without prejudice to the relevant provisions of the Treaties establishing the European Communities, the present Agreement and any action taken thereunder shall in no way

affect the powers of the Member States of the Community to undertake bilateral activities with Hungary in the field of economic cooperation, and to conclude, where appropriate, new economic cooperation agreements with Hungary.

TITLE III

Joint Committee

Article 13

1. (a) A joint committee shall be set up, comprising representatives of the Community, on the one hand, and representatives of Hungary on the other;
- (b) the joint committee shall formulate recommendations by mutual agreement between the Contracting Parties;
- (c) the joint committee shall, as necessary, adopt its own rules of procedure and programme of work;
- (d) the joint committee shall meet once a year in Brussels and Budapest alternately. Special meetings may be convened by mutual agreement, at the request of either Contracting Party. The office of chairman of the joint committee shall be held alternately by each of the Contracting Parties. Wherever possible, the agenda for meetings of the joint committee will be agreed beforehand;
- (e) the joint committee may set up specialized sub-committees to assist it in the performance of its tasks.
2. (a) The joint committee shall ensure the proper functioning of this Agreement and shall devise and recommend practical measures for achieving its objectives, keeping in view the economic and social policies of the Contracting Parties;
- (b) the joint committee shall endeavour to find ways of encouraging the development of trade and commercial and economic cooperation between the Contracting Parties. In particular, it shall:
 - examine the various aspects of trade between the Parties, notably the overall pattern, rate of growth, structure and diversification, the trade balance and the various forms of trade and trade promotion,
 - make recommendations on any trade or economic cooperation problem of mutual concern,
 - seek appropriate means of avoiding possible difficulties in the fields of trade and

cooperation and encourage various forms of commercial and economic cooperation in areas of mutual interest,

- consider measures likely to develop and diversify trade and economic cooperation, notably by improving import opportunities in the Community and in Hungary,
- exchange information on macro-economic plans and forecasts for the economies of the two Parties which have an impact on trade and cooperation and, by extension, on the scope for developing complementarity between their respective economies and also on proposed economic development programmes,
- seek methods of arranging and encouraging exchange of information and contacts in matters relating to cooperation in the economic field between the Contracting Parties on a mutually advantageous basis, and work towards the creation of favourable conditions for such cooperation,
- examine favourably ways of improving conditions for the development of direct contacts between firms established in the Community and those established in Hungary,
- formulate and submit to the authorities of both Contracting Parties recommendations for solving any problems that arise, where appropriate by means of the conclusion of arrangements or agreements.

TITLE IV

General and final provisions

Article 14

1. This Agreement shall not affect or impair the rights and obligations of the Parties under the GATT and the Protocol for accession of Hungary to the GATT.

2. Subject to the provisions concerning economic cooperation in Article 11, the provisions of this Agreement shall be substituted for provisions of Agreements concluded between Member States of the Community and Hungary to the extent to which the latter provisions are either incompatible with, or identical to, the former.

Article 15

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of the Hungarian People's Republic.

Article 16

This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other that the legal procedures necessary to this end have been completed. The Agreement shall be concluded for an initial period of 10 years. The Agreement shall be automatically renewed year by year provided that neither Contracting Party gives the other Party written notice of denunciation of the Agreement six months before it expires.

However, the two Contracting Parties may amend the Agreement by mutual consent in order to take account of new developments.

The Annex, the Protocol and the joint declaration attached to this Agreement shall form an integral part thereof.

Article 17

This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Hungarian languages, each text being equally authentic.

En fe de lo cual, los plenipotenciarios abajo firmantes suscriben el presente Acuerdo.

Til bekræftelse heraf har undertegnede befuldmægtigede underskrevet denne aftale.

Zu Urkund dessen haben die unterzeichneten Bevollmächtigten ihre Unterschriften unter dieses Abkommen gesetzt.

Εἰς πίστωση των ανωτέρω, οἱ υπογεγραμμένοι πληρεξούσιοι ἔθεσαν τῆς υπογραφῆς τους στην παρούσα συμφωνία.

In witness whereof, the undersigned Plenipotentiaries have signed this Agreement.

En foi de quoi, les plénipotentiaires soussignés ont apposé leurs signatures au bas du présent accord.

In fede di che, i plenipotenziari sottoscritti hanno apposto le loro firme in calce al presente accordo.

Ten blijke waarvan de ondergetekende gevolmachtigden hun handtekening onder deze Overeenkomst hebben gesteld.

Em fé do que, os plenipotenciários abaixo assinados apuseram as suas assinaturas no final do presente acordo.

Fentiek hitelül, az arra meghatalmazottak aláírták a jelen Megállapodást.

Hecho en Bruselas, el veintiséis de septiembre de mil novecientos ochenta y ocho.

Udfærdiget i Bruxelles, den seksogtyvende september nitten hundrede og otteogfirs.

Geschehen zu Brüssel am sechsundzwanzigsten September neunzehnhundertachtundachtzig.

Έγινε στις Βρυξέλλες, στις είκοσι έξι Σεπτεμβρίου χίλια εννιακόσια ογδόντα οκτώ.

Done at Brussels on the twenty-sixth day of September in the year one thousand nine hundred and eighty-eight.

Fait à Bruxelles, le vingt-six septembre mil neuf cent quatre-vingt-huit.

Fatto a Bruxelles, addì ventisei settembre millenovecentottantotto.

Gedaan te Brussel, de zesentwintigste september negentienhonderdachtentachtig.

Feito em Bruxelas, em vinte e seis de Setembro de mil novecentos e oitenta e oito.

Kelt Brüsszelben, ezerkilenczáznyolcvannyolc szeptember hó huszonhatodikán.

Por el Consejo de las Comunidades Europeas

For Rådet for De Europæiske Fællesskaber

Für den Rat der Europäischen Gemeinschaften

Για το Συμβούλιο των Ευρωπαϊκών Κοινοτήτων

For the Council of the European Communities

Pour le Conseil des Communautés européennes

Per il Consiglio delle Comunità europee

Voor de Raad van de Europese Gemeenschappen

Pelo Conselho das Comunidades Europeias

Az Európai Közösségek Tanácsa nevében

Por el Gobierno de la República Popular Húngara

For regeringen for Den Ungarske Folkerepublik

Für die Regierung der Ungarischen Volksrepublik

Για την κυβέρνηση της Λαϊκής Δημοκρατίας της Ουγγαρίας

For the Government of the Hungarian People's Republic

Pour le gouvernement de la République populaire hongroise

Per il governo della Repubblica popolare ungherese

Voor de Regering van de Hongaarse Volksrepubliek

Pelo Governo da República Popular da Hungria

A Magyar Népköztársaság Kormánya nevében

ANNEX

Annex relating to Article 10 of the Agreement

The regulations and facilities referred to in Article 10 of the Agreement are, in Hungary, *inter alia*, the following:

- non-discriminatory application of Hungary's import licensing system in accordance with its international commitments,
- the non-discriminatory administration of Hungary's global quota for consumer goods and the provision of all necessary information relating thereto,
- non-discriminatory treatment by Hungary when awarding contracts for goods or services as a result of World Bank or other international competitive tenders,
- non-discriminatory procedure for the establishment of offices in Hungary, the renting of business premises, the import of necessary equipment and furniture for operating offices or branches, the recruitment, management and salary levels of staff for such offices and the movement of staff, access to communication facilities and to the publicity media (press, radio and television) and to retail distribution networks,
- the legal protection by Hungary of intellectual property rights for both products and processes in accordance with the international conventions to which Hungary is a signatory, namely, the Paris Convention for the Protection of Industrial Property, as revised at Stockholm on 14 July 1967 and the Universal Copyright Convention of 6 September 1952, as revised at Paris on 24 July 1971.

PROTOCOL

on the abolition of quantitative restrictions referred to in Article 4 of the Agreement

1. The Community undertakes to abolish, within one year of the entry into force of the Agreement, the quantitative restrictions on imports into the Community originating in Hungary of those products set out in Annex A to this Protocol.
2. The Community undertakes to abolish, on or before 31 December 1992, the quantitative restrictions on imports originating in Hungary of those products and into those regions of the Community set out in Annex B to this Protocol.

The list of products set out in Annex B may be modified by mutual consent after consultations in the joint committee referred to in Title III of the Agreement to take account of changes in market conditions or regulations relating thereto either in the Community or in Hungary.
3. For restrictions referred to in Article 4 (2) of the Agreement affecting those products for which no provisions have been made in Annexes A and B, the Contracting Parties shall examine before 30 June 1992 in the framework of the joint committee referred to in Title III of the Agreement, whether it can be agreed to make changes in existing import arrangements. The changes to be considered may include any of the following measures:
 - liberalization,
 - liberalization with surveillance of imports,
 - adoption of appropriate measures by Hungary such as the issue of export licences or certificates to ensure that exports remain within specified levels,
 - measures that may be required by the Community after 1992 to adapt existing import arrangement and taken in conformity with the Protocol for accession of Hungary to the GATT.
4. The Community undertakes to abolish, by 31 December 1995 at the latest, the restrictions referred to in Article 4 (2) of the Agreement affecting imports of products into the Community originating in Hungary.
5. For the products in respect of which quantitative restrictions are abolished pursuant to paragraphs 3 or 4, the following special conditions of application of the safeguard clause contained in Article 7 of the Agreement shall apply until 31 December 1998:
 - (a) if the increased level of imports for a given product, or the conditions under which it is imported, cause or threaten to cause material injury to Community producers of like or competitive products, the Community may request the opening of consultations in accordance with the procedure described in Article 7 (2) and (3) of the Agreement with a view to reaching agreement on the appropriate restraint level or other appropriate action for the product concerned;
 - (b) if, within 10 working days of the request by the Community for consultations, the Contracting Parties are unable to reach a satisfactory solution, the Community shall have the right to introduce and maintain during the initial period of validity of the Agreement a quantitative limit at an annual level not lower than the level already achieved in the normal course of trade before the consultation;
 - (c) Hungary shall then not resort to Article 7 (5) of the Agreement nor otherwise have recourse to retaliation or seek compensation, notwithstanding the provisions of Article 14 (1) of the Agreement.
6. The Contracting Parties recognize that difficulties may arise after 1998 and agree to avoid possible market disruption. They will hold consultations before 30 June 1998 in the framework of the joint committee referred to in Title III of the Agreement.

ANNEX A

referred to in paragraph 1 of the Protocol

NIMEXE positions as at 31 December 1987

17.04-06	17.04-83	18.06-75	29.04-35	38.19-45	48.01-32	73.20-37
17.04-08	17.04-84	18.06-77	29.04-39	38.19-46	48.01-34	73.21-10
17.04-11	17.04-85	18.06-78	29.04-80	38.19-48	48.01-36	73.21-20
17.04-12	17.04-86	18.06-79	29.06-37	38.19-49	48.01-38	73.40-51
17.04-13	17.04-87	18.06-81	29.06-38	38.19-53	48.01-39	73.40-61
17.04-14	17.04-88	18.06-83	29.11-81	38.19-55	48.01-44	73.40-63
17.04-15	17.04-89	18.06-85	29.11-83	38.19-59	48.01-46	77.01-11
17.04-16	17.04-90	18.06-86	29.11-91	38.19-72	48.01-48	77.01-13
17.04-18	17.04-92	18.06-87	29.11-97	38.19-74	48.01-51	78.02-00
17.04-19	17.04-93	18.06-88	29.15-65	38.19-76	48.01-60	78.03-00
17.04-20	17.04-96	18.06-89	29.16-18	38.19-82	48.01-63	78.04-11
17.04-21	17.04-97	18.06-90	29.16-65	39.01-07	48.01-68	78.04-19
17.04-22	18.06-01	18.06-91	29.16-67	39.01-24	48.01-70	78.04-20
17.04-24	18.06-02	18.06-92	29.16-75	39.01-92	48.01-71	78.05-00
17.04-25	18.06-03	18.06-93	29.16-85	39.01-96	48.01-72	79.02-00
17.04-26	18.06-05	18.06-94	29.16-89	39.02-14	48.01-74	79.03-25
17.04-27	18.06-06	18.06-96	29.22-13	39.02-37	48.01-76	79.06-90
17.04-28	18.06-09	18.06-97	29.22-16	39.02-67	48.01-79	81.04-50
17.04-29	18.06-12	18.06-98	29.22-21	39.02-85	48.05-21	84.06-20
17.04-31	18.06-13	22.06-15	29.22-25	39.03-07	48.05-29	84.06-22
17.04-33	18.06-14	22.06-31	29.22-31	39.03-08	CAT. 127A	84.06-24
17.04-34	18.06-16	22.06-35	29.22-51	39.03-12	51.01-65	84.23-11
17.04-36	18.06-17	22.06-51	29.22-61	39.03-14	51.01-74	84.23-13
17.04-37	18.06-18	22.09-31	29.22-69	39.03-15	51.01-75	84.23-21
17.04-38	18.06-19	22.09-56	29.22-71	39.03-17	CAT. 136	84.23-32
17.04-39	18.06-21	22.09-57	29.23-17	39.03-33	59.17-21	84.35-13
17.04-40	18.06-24	22.09-62	29.23-78	39.03-34	CAT. ex 138	84.35-15
17.04-42	18.06-25	22.09-64	29.35-41	39.03-36	57.11-10	84.35-16
17.04-43	18.06-27	22.09-66	29.35-47	39.03-39	CAT. 148A	84.35-21
17.04-44	18.06-28	22.09-68	29.35-75	39.03-43	57.06-11	84.35-23
17.04-45	18.06-29	25.31-11	29.35-78	39.03-44	57.06-15	84.35-25
17.04-46	18.06-30	25.31-15	30.03-11	39.03-46	57.06-30	84.35-27
17.04-47	18.06-31	25.31-91	30.03-13	39.03-47	CAT. 153	84.35-32
17.04-48	18.06-34	25.31-99	30.03-15	39.03-49	62.03-11	84.35-35
17.04-49	18.06-35	27.04-11	30.03-17	39.03-51	65.05-11 (*)	84.35-51
17.04-50	18.06-37	27.04-80	32.07-10	39.03-55	65.05-19 (*)	84.35-55
17.04-57	18.06-38	27.07-59	32.07-30	39.03-57	65.05-30 (*)	84.35-57
17.04-58	18.06-39	28.19-00	32.07-71	39.03-59	68.01-00	84.52-11
17.04-62	18.06-40	28.30-79	32.07-90	39.03-60	69.04-11	84.52-15
17.04-63	18.06-41	28.38-81	36.08-01	40.02-30	69.04-90	84.52-81
17.04-64	18.06-44	28.54-10	36.08-10	40.02-49	69.06-10	84.55-10
17.04-65	18.06-45	29.01-11	38.14-37	40.02-65	69.06-90	84.55-93
17.04-66	18.06-47	29.01-99	38.19-03	40.02-67	70.07-10	85.22-10
17.04-67	18.06-51	29.02-10	38.19-04	40.02-70	70.07-20	85.22-40
17.04-68	18.06-53	29.02-29	38.19-06	40.06-91	70.07-31	85.24-10
17.04-69	18.06-55	29.02-31	38.19-12	40.06-93	70.16-10	85.24-30
17.04-71	18.06-61	29.02-35	38.19-22	41.02-12	73.02-60	87.03-10
17.04-74	18.06-64	29.02-36	38.19-26	45.01-20	73.02-81	89.01-95
17.04-75	18.06-65	29.02-38	38.19-28	45.01-40	73.02-99	90.23-11
17.04-76	18.06-67	29.03-10	38.19-32	45.01-60	73.17-10	96.01-30
17.04-78	18.06-70	29.03-51	38.19-33	48.01-06	73.19-10	96.01-98
17.04-79	18.06-71	29.04-12	38.19-35	48.01-20	73.19-30	97.05-51
17.04-80	18.06-72	29.04-14	38.19-37	48.01-22	73.19-50	
17.04-81	18.06-73	29.04-22	38.19-41	48.01-24	73.19-90	
17.04-82	18.06-74	29.04-24	38.19-43	48.01-30	73.20-33	

* Knitted acrylic caps.

ANNEX B

referred to in paragraph 2 of the Protocol

NB: Textile products subject to bilateral Agreements concerning trade in textile products between Hungary and the Community are not covered by the following list.

NIMEXE 31. 12. 1987	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
04.06-00						+				
07.01-11	+					+				
07.01-13						+				
07.01-15						+				
07.01-17	+					+				
07.01-19						+				
07.02-50						+				
07.04-50			-			+				
08.01-50						+				
11.05-00						+				
17.04-01						+				
17.04-23	+					+				+
17.04-56	+					+				+
17.04-60	+					+				
17.04-70	+					+				+
17.04-73	+					+				+
17.04-98	+					+				
18.06-80	+	+								
20.07-07				+		+				
22.06-11						+				
22.06-59						+				
22.08-10						+				
22.08-30						+				
22.09-10						-				
22.09-39						+				
22.09-52						-				
22.09-53						-				
22.09-72						-				
22.09-79						+				
22.09-81						+				
22.09-83						+				
22.09-85						+				
22.09-87						+				
22.09-88						+				
22.09-91						+				
22.09-93						+				
22.09-95						+				
22.09-99						-				
22.10-51						+				
22.10-55						+				
24.02-10						+				
24.02-20						+				
24.02-30						+				
24.02-40						+				
24.02-91						+				
24.02-99						+				
25.23-10						+				
25.23-15						+				

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
25.23-20						+				
25.23-30						+				
25.23-70						+				
25.23-90						+				
27.07-29						-				
27.07-39						+				
27.07-91						+				
28.08-11										+
28.17-11						+				
28.17-15						+				
28.20-11						+				
28.20-15						+				
28.21-10						+				
28.27-20						+				
28.27-80						+				
28.38-27										+
28.38-47						+				
28.38-49						+				
28.40-30						+				
28.42-31										+
28.42-35										+
28.46-90						-				
28.47-31						+				
28.47-41						+				
28.56-50						+				
29.01-71						+				
29.02-26						+				
29.02-70						+				
29.03-31						+				
29.03-39										+
29.04-18						-				
29.04-27						+				
29.04-90						-				
29.06-11						+				
29.14-12						+				+
29.15-11										+
29.15-71						-				
29.16-29										+
29.16-41						+				
29.16-45						+				
29.16-61						+				
29.16-81						+				
29.16-90						+				
29.22-14						+				
29.22-18						+				
29.22-29						+				
29.22-39						+				
29.22-55						+				
29.22-80						+				
29.22-91						+				
29.22-99						+				
29.23-14						+				
29.23-75										+
29.23-77						+				
29.23-79						+				
29.23-90										

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
29.27-10						+				
29.30-00										-
29.35-49						+				
29.35-68						+				
29.35-69						+				
29.35-72						+				
29.35-73						+				+
29.35-77						+				
29.35-79						+				
29.35-80						+				
29.35-81						+				
29.35-82						+				
29.35-83						+				
29.35-84						+				
29.35-90						+				
29.35-95						+				
29.35-98						-				
29.38-25						+				
29.44-10						+				
29.44-91						+				
29.44-99						+				
30.03-21						+				
30.03-23						+				
30.03-25						+				
30.03-29						+				
31.02-15			+							
31.02-30			+							
31.03-15										+
31.03-19										+
31.03-30										+
31.04-11										+
31.04-14										+
31.04-16										+
31.04-18										+
31.04-21										+
31.04-29										+
32.05-10						+				
32.05-20						+				
32.07-69						-				
32.07-79						-				
32.07-80						+				
33.01-80						+				
36.01-10						+				
36.01-90						+				
36.05-10						+				
36.05-50						+				
36.05-80						+				
36.08-90						+				
37.03-01						+				
37.03-21						+				
37.03-29						+				
37.03-95						+				
37.03-99						+				
38.11-30						+				
38.11-35						-				

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
38.11-50						+				+
38.11-60						+				+
38.11-70						+				+
38.11-80						+				+
38.14-31						+				
38.14-33						+				
38.14-39						+				
38.19-01						+				
38.19-14						+				
38.19-16						+				
38.19-18						+				
38.19-24						+				
38.19-39						+				
38.19-60						+				
38.19-61						+				
38.19-62						+				
38.19-66						+				
38.19-78						+				
38.19-96						+				
38.19-99						+				
39.01-25						-				
39.01-29										+
39.01-94						+				
39.01-98						+				
39.01-99						+				
39.02-02						+				+
39.02-03						+				
39.02-04						+				
39.02-05						+				
39.02-06						+				
39.02-07						+				
39.02-09						+				
39.02-11						+				
39.02-12						+				
39.02-13						+				
39.02-15						+				+
39.02-16						+				
39.02-18						+				
39.02-21						+				
39.02-22						+				
39.02-25						+				
39.02-26						+				
39.02-27						+				
39.02-28						+				
39.02-29						+				
39.02-32						+				
39.02-33						+				
39.02-34						+				
39.02-36						+				
39.02-38						+				
39.02-39						+				
39.02-45						+				
39.02-46						+				
39.02-47						+				
39.02-51						+				
39.02-52						+				

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
39.02-53						+				
39.02-54						+				
39.02-57						+				
39.02-59						+				
39.02-61						+				
39.02-66						+				
39.02-69						+				
39.02-71						+				
39.02-72						+				
39.02-73						+				
39.02-74						+				
39.02-75						+				
39.02-76						+				
39.02-77						+				
39.02-79						+				
39.02-87						+				
39.02-88						+				
39.02-89						+				
39.02-91						+				
39.02-92						+				
39.02-94						+				
39.03-05						+				
39.03-21						+				+
39.03-23						+				+
39.03-25						+				+
39.03-27						+				+
39.03-29						+				+
39.03-31						+				+
39.03-37						+				+
39.03-41						+				+
39.03-53						+				+
40.02-20						+				
40.02-41						+				
40.02-61						+				
40.02-63						+				
40.02-80						+				
40.02-90						+				
40.06-10						+				
40.06-98						+				
40.10-10						+				
40.10-30						+				
40.10-90						+				
40.11-10						+				
41.02-05						+				
41.02-14						+				
41.02-17						+				
41.02-19						+				
41.02-21						-				
41.02-28						+				
41.02-31						+				
41.02-32						-				
41.02-35						+				
41.02-37						+				
41.02-98						-				
42.02-21			+							

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
42.02-41			+							
42.02-51			+							
42.02-60			+							
42.02-91			-							
42.03-10										+
42.03-51										+
42.03-59										+
42.03-40										+
42.03-60										+
42.03-80										+
44.11-10			+							
44.11-41			+							
44.11-91			+							
44.11-99			+							
44.15-20			+							
44.15-31			+							
44.18-11			+			+				
44.18-21						+				+
44.18-25			+			+				
44.18-29						+				
44.18-30										+
44.23-71						+				
44.23-79						+				
44.24-00										+
44.28-71										+
44.28-99										+
46.03-10										+
46.03-90										-
48.01-01						+				
48.01-07						+				
48.01-10						+				
48.01-40						+				
48.01-42						+				
48.01-50						+				
48.01-67						+				
48.01-78						+				
48.01-80						+				
48.01-81						+				
48.01-83						+				
48.01-85						+				
48.01-87						+				
48.01-89						+				
48.01-90						+				
48.01-92						+				
48.01-94						+				
48.01-96						+				
48.01-98						+				
48.01-99						+				
CAT. 7										
61.02-85							-			
CAT. 8										
61.03-18							-			
CAT. 12										
60.03-80							+			
60.04-34							+			

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
CAT. 14										
61.01-07							-			
CAT. 15										
61.02-05							-			
CAT. 18										
61.01-26							+			
61.03-59							-			
61.03-89							-			
61.04-18							-			
CAT. 21										
61.01-32							-			
61.02-28							-			
CAT. 27										
60.05-58							+			
CAT. 31										
61.09-50							+			
CAT. 38B										
62.02-09							-			
CAT. 39										
62.02-65							-			
62.02-77							-			
CAT. 61										
58.05-30							+			
58.05-40							+			
58.05-79							+			
58.05-90							+			
59.13-19							+			
59.13-39							+			
CAT. 62										
58.06-10							+			
58.06-90							+			
58.07-31							+			
58.07-39							+			
58.07-50							+			
58.07-80							+			
58.08-10							+			
58.08-90							+			
58.09-19							+			
58.09-21							+			
58.09-39							+			
58.09-99							+			
58.10-21							+			
58.10-29							+			
58.10-49							+			
58.10-59							+			
CAT. 66										
62.01-10							+			
CAT. 67										
60.05-94							+			
60.05-99							+			
60.06-98							+			
CAT. 72										
60.06-91							+			
61.01-23							+			

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
CAT. 73										
60.05-19							+			
CAT. 75										
60.05-68							+			
CAT. 78										
61.01-09							+			
61.02-07							+			
CAT. 86										
61.09-20							+			
61.09-30							+			
61.09-40							+			
61.09-80							+			
CAT. 91										
62.04-73							-			
CAT. 100										
59.08-10							+			
59.08-51							+			
59.08-61							+			
59.08-71							+			
59.08-79							+			
CAT. 113										
62.05-20							+			
CAT. ex 124										
56.01-11	+					+				
56.01-13	+					+				
56.01-15	+					+				
56.01-16	+					+				
56.01-17	+					+				
56.01-18	+					+				
56.02-11	+					+				
56.02-13	+					+				
56.02-15	+					+				
56.02-19	+					+				
CAT. 125A										
51.01-15	+					+				
51.01-17	+					+				
51.01-19	+					+				
51.01-32	+					+				
51.01-34	+					+				
51.01-38	+					+				
CAT. 126										
56.01-21	+					+				
56.01-23	+					+				
56.01-28	+					+				
56.02-21						+				
56.02-23						+				
56.02-28						+				
56.03-21	+				+					
56.03-29	+					+				
CAT. 127A										
51.01-63	+					+				
CAT. ex 133										
57.07-01						+				
57.07-03						+				
CAT. 136										

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
50.09-20					+					
50.09-31					+					
50.09-39					+					
50.09-41					+					
50.09-42					+					
50.09-44					+					
50.09-45					+					
50.09-47					+					
50.09-48					+					
50.09-62					+					
50.09-64					+					
50.09-66					+					
50.09-68					+					
50.09-80								+		
CAT. 137										
58.04-05					+					
58.05-20							+			
CAT. 140										
60.01-98					+					
CAT. 141										
62.01-99					+					
CAT. 144										
59.02-45										+
CAT. 149A										
57.10-62	+				+	+				
CAT. 149B										
57.10-68	+				+	+				
CAT. 149C										
57.10-70	+				+	+				
CAT. 150A										
57.10-21						+				
CAT. 150B										
57.10-31						+				
57.10-39						+				
CAT. 150C										
57.10-50						+				
CAT. 152										
59.02-31										+
CAT. 160										
61.05-91					+					
CAT. 161										
61.02-83			+				+			
61.03-16			+			+				
64.01-11							+			
62.01-20							+			
64.01-31							+			
64.01-39							+			
63.02-21	-					+				+
64.02-29	-		+			+				
64.02-32	-					+				
64.02-34	-		+			+				
64.02-35	+					+				
64.02-38						+				
64.02-40	-					+				
64.02-41	-					+				
64.02-43	-									

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
64.02-45	-		+			+				
64.02-47	+					+				
64.02-49						+				
64.02-50	-		+							
64.02-52	+					+				
64.02-54						+				
64.02-56	-		+			+				
64.02-58	+					+				
64.02-59						+				
64.02-60	-					+	+			
64.02-61							+			
64.02-69						-	+			
64.02-99	-									
66.01-10						+				
66.01-20						+				
66.01-50						+				
66.01-80						+				
68.16-20			+							
69.02-10			+							
69.04-13						+		+		
69.08-63			+							
69.12-90	+									
70.05-69	-									
70.10-01	+									
70.10-12	+									
70.10-21	+									
70.10-23	+									
70.10-25	+									
70.10-28	+									
70.10-31	+									
70.10-33	+									
70.10-35	+									
70.10-38	+									
70.10-41	-									
70.10-49	-									
70.10-51	+									
70.10-59	+									
70.10-61	+									
70.10-69	+									
70.10-90	-									
70.13-32			+							
70.13-34			+							
70.13-38			+							
70.16-90						+				
70.17-11										-
70.17-15	-									-
70.17-17	-									-
70.20-52										+
70.20-60										+
70.20-70										+
70.20-73										+
70.20-77										+
70.20-79										+
70.20-80										+
70.20-85										+
70.20-91										+
70.20-92										+

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
70.20-97										+
70.20-99										+
71.16-21			+							
71.16-51			+							
73.02-19						+				
73.02-20						+				
73.02-30			-			+				
73.02-40						+				
73.02-43			+							
73.02-45			+							
73.02-47			+							
73.02-49			+							
73.02-55						+				
73.02-57						+				
73.02-70			+			+				+
73.02-83			+			+				
73.02-91						+				+
73.10-20			+			+				
73.10-30						+				
73.10-45						+				
73.10-49						+				
73.11-20						+				
73.11-31						+				
73.11-39						+				
73.11-43						+				
73.11-49						+				
73.12-25						+				
73.12-29						+				
73.12-30						+				
73.12-40						+				
73.12-59						+				
73.12-61						+				
73.12-63						+				
73.12-65						+				
73.12-75						+				
73.12-77						+				
73.12-81						+				
73.12-85						+				
73.12-87						+				
73.12-88						+				
73.12-89						+				
73.12-90						+				
73.13-62						+				
73.13-90						+				
73.13-95						+				
73.13-97						+				
73.14-01						+				
73.14-11						+				
73.14-13						+				
73.14-15						+				
73.14-19						+				
73.14-21						+				
73.14-41						+				
73.14-43						+				
73.14-45						+				

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
73.14-81						+				
73.14-91						+				
73.14-99						+				
73.17-80						+				
73.18-02	-					+				
73.18-03						+				
73.18-05						+				
73.18-13	+					+				
73.18-15						+				
73.18-21						+				
73.18-22						+				
73.18-23	+					+				
73.18-24	+					+				
73.18-26	+					+				
73.18-27	+					+				
73.18-28	+					+				
73.18-32	+					+				
73.18-34	+					+				
73.18-36	+					+				
73.18-38	+					+				
73.18-41	+					+				
73.18-42	+					+				
73.18-44						+				
73.18-46						+				
73.18-48	+					+				
73.18-51						+				
73.18-52						+				
73.18-54	+					+				
73.18-56	+					+				
73.18-58	+					+				
73.18-62	+					+				
73.18-64	+					+				
73.18-66						+				
73.18-67						+				
73.18-68						+				
73.18-72	+					+				
73.18-74	+					+				
73.18-76						+				
73.18-78						+				
73.18-82	+					+				
73.18-84	+					+				
73.18-86	-					+				
73.18-88	-					+				
73.18-97	-					+				
73.18-99						+				
73.20-11						+				
73.20-19						+				
73.20-30						+				
73.20-32						+				
73.20-34						+				
73.20-35						+				
73.20-36						+				
73.20-38						+				
73.20-42						+				
73.20-43						+				
73.20-44						+				

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
73.21-30						+				
73.21-40						+				
73.21-50						+				
73.21-60						+				
73.21-70						+				
73.21-99						+				
73.25-01						+				
73.25-11						+				
73.25-21						+				
73.25-31						+				
73.25-35						+				
73.25-39						+				
73.25-51						+				
73.25-55						+				
73.25-59						+				
73.25-98						+				
73.32-50		+								
73.32-61		+								
73.32-63		+								
73.32-65		+								
73.32-67		+	+							
73.32-69		+	+							
73.32-71		+								
73.32-72		+								
73.32-73		+								
73.32-74		+								
73.32-76		+								
73.32-77		+								
73.32-78		+								
73.32-79		+								
73.32-81		+								
73.32-83		+								
73.32-86		+								
73.32-87		+	+							
73.32-88		+								
73.32-89		+								
73.32-91		+	+							
73.32-93		+	+							
73.32-95		+	+							
73.32-97		+	+							
73.32-99		+								
73.40-12						+				
73.40-15						+				
73.40-17						+				
73.40-21						+				
73.40-25						+				
73.40-33						+				
73.40-47						+				
73.40-57						+				
73.40-71						+				
73.40-73						+				
73.40-82						+				
73.40-84						+				
73.40-86						+				
73.40-88						+				
73.40.99						+				

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
73.40-94						+				
73.40-98						+				
76.01-11			+	+		+				
76.01-21			+	+		+				
76.01-29			+	+		+				
76.02-12						+				
76.02-14						+				
76.02-16						+				
76.02-18						+				
76.02-21						+				
76.02-25						+				
76.03-10						+				
76.03-22						+				
76.03-29						+				
76.03-32						+				
76.03-39						+				
76.03-51						+				
76.03-55						+				
76.04-11						+				
76.04-18						+				
76.04-72						+				
76.04-78						+				
76.04-82						+				
76.04-88						+				
76.06-01						+				
76.06-10						+				
76.06-40						+				
76.06-50						+				
76.07-00						+				
76.12-10						+				
76.12-90						-				
78.06-10						+				
78.06-90						+				
79.01-11	+					+				
79.01-15	+					+				
79.01-30						+				
79.03-12	-		-			+				
79.03-16	-					+				
79.03-19		-				+				
79.04-00						+				
81.04-52						+				
81.04-53						+				
82.01-10			+							
84.06-39								-		
84.06-42								-		
84.06-46								-		
84.06-48								-		
84.06-52								-		
84.06-53								+		
84.06-54								-		
84.06-63								-		
84.06-64								+		
84.06-66								-		
84.06-78								-		
84.06-83								+		
84.06-84								-		

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
84.11-35										+
84.11-36										+
84.11-37										+
84.23-01						+				
84.23-17						+				
84.23-18						+				
84.23-25						+				
84.23-35						+				
84.23-38						+				
84.23-58						+				
84.35-14						+				
84.35-29						+				
43.35-38						+				
84.35-58						+				
84.41-17						+				+
84.51-12						+				
84.51-13						+				
84.51-14						+				
84.51-18						+				
84.51-19						+				
84.51-20						+				
84.52-20						+				
84.52-30						+				
84.52-40						+				
84.52-89						+				
84.52-95						+				
84.55-50						+				
84.55-61						+				
84.55-69						+				
84.55-70						+				
84.55-04						+				
84.55-97						+				
84.55-98						+				
85.03-40								-		
85.03-50								-		
85.03-90								-		
85.15-14								+		
85.15-22								-		
85.15-25								+		
85.15-31								+		
85.15-33								+		
85.15-35								+		
85.15-44								+		
85.15-45								+		
85.15-46								+		
85.15-52				+			+			
85.15-53				+			+			
85.15-55				+			+			
85.15-57				+			+			
85.15-59								+		
85.19-79										+
85.19-80										+
85.19-83										+
85.22-51						+				
85.22-53						+				
85.22-55						+				

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
85.22-59						+				
85.23-12								-		
85.24-91						+				
85.25-21						+				
85.25-25						+				
85.25-27						+				
85.25-35						+				
85.25-50						+				
85.25-90						-				
87.01-12						+				
87.01-13						+				
87.01-15						+				
87.01-41						+				
87.01-44						+				
87.01-52						+				
87.01-54						+				
87.01-55						+				
87.01-56						+				
87.01-58						+				
87.01-61						+				
87.01-71						+				+
87.01-79						+				+
87.01-95						+				+
87.01-97						+				+
87.02-03								+		
87.02-05								+		
87.02-12								-		
87.02-14								-		
87.02-21								-		
87.02-23								-		
87.02-25								-		
87.02-27								-		
87.03-30						+				
87.05-11								-		
87.05-19								+		
87.05-91								-		
87.05-99								+		
87.10-00	-					-				
87.12-20	-					-				
87.12-32						-				
87.12-34						-				
87.12-38						-				
87.12-40						-				
87.12-50						-				
87.12-55						-				
87.12-60						-				
87.12-70						-				
87.12-80						-				
87.12-91						-				
87.12-95						-				
87.12-97						-				
87.12-99	-					-				
89.01-70						-				
89.01-73						-				
89.01-83				+						
89.01-85				+						

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
89.01-86			+							
89.01-87										+
89.01-89										+
89.01-90										+
89.01-92										+
89.01-93										+
89.01-94										+
92.05-11			+							
93.07-10	•					+				
93.07-31						+				
93.07-33						+				
93.07-41						+				
93.07-45	-					+				
93.07-47						+				
93.07-49	-					+				
93.07-51						+				
93.07-52						+				
93.07-53						+				
93.07-55						+				
93.07-99						+				
94.01-25		+								
94.01-31		+								
94.01-39		+								
94.01-41		+								
94.01-45			+							
94.01-49		+								
94.01-60		+								
94.01-70		+								
94.01-93		+								
94.01-99		+								
94.03-15		+								
94.03-21										+
94.03-23										+
94.03-25										+
94.03-27										+
94.03-33										+
94.03-35										+
94.03-39										+
94.03-49										+
94.03-51		+								
94.03-55		+								
94.03-57		+								
94.03-61		+								
94.03-63		+								
94.03-65		+								
94.03-66		+								
94.03-67		+								
94.03-69		+								
94.03-71										+
94.03-82										+
94.03-91										+
94.03-95		+								
94.03-99										+
94.04-11		+								
94.04-19		+								

NIMEXE	BNL	DA	DE	FR	IR	IT	UK	EL	PO	ES
94.04-51		+								
94.04-55		+								
94.04-59		+								
94.04-61		+								
94.04-91		+								
94.04-99		+								
96.01-10	+	+								
96.01-41	+	+								
96.01-49	+	+								
96.01-91	+	+								
96.01-92	+	+								
96.01-93	+	+								
96.01-95	+	+								
96.01-96	+	+								
97.03-05			+							
97.03-75			+							
97.03-80								+		
97.03-85								+		
97.03-90								+		
98.05-01										+
98.05-09										+
98.05-21										+
98.05-29										+
98.15-20			+							
98.15-30			+							

NOTES

Description of products partially under quantitative restrictions (-) contained in Annex B

NIMEXE code (1987)	Member State	Exact description of certain products
ex 07.04-50	Germany	Potatoes for human consumption
ex 22.09-10 52, 53 72 to 99	Italy	Other than diluted agricultural alcohol in containers holding more than two litres Other than typical dry liqueurs
ex 27.07-29	Italy	Other than solvent naphtha
ex 28.46-90	Italy	Perborate of sodium
ex 29.04-18 90	Italy	Excluding isobutyl alcohol Excluding chloral hydrate
ex 29.15-71	Italy	Dimethyl and diethyl phthalates (ortho) Dicycloecyl ortho-phthalates
ex 29.23-90	Italy	4-aminosalicylic acid and its salts and esters
ex 29.30-00	Spain	Toluene-diisocyanate
ex 29.35-98	Italy	Except carbazole and its salts
ex 32.07-69 79	Italy	Pigments with a basis of zinc chromates Other than pigments with a basis of chrome oxide or chromates
ex 39.01-25	Italy	Urea glues
ex 41.02-28, 32 98	Italy	Excluding parchment-dressed leather
ex 42.02-91	Germany	Of leather, other than spectacle cases
ex 46.03-90	Spain	Basketwork
ex 61.01-07, 32	United Kingdom	Excluding products made from flax, hemp and ramie
ex 61.02-05, 28	United Kingdom	Excluding products made from flax, hemp and ramie
ex 61.02-85	United Kingdom	Excluding products made from hemp
ex 61.03-18	United Kingdom	Excluding products made from hemp
ex 61.03-59, 89	United Kingdom	Excluding products made from flax, hemp and ramie
ex 61.04-18	United Kingdom	Excluding products made from flax, hemp and ramie

NIMEXE code (1987)	Member State	Exact description of certain products
ex 85.23-12	Greece	Conducting cables for television aerials
ex 85.25-90	Italy	Insulators of other material, other than of hardened rubber
ex 87.02-12 to 27	Greece	With a seating capacity of more than six
ex 87.05-11 91	Greece	With a seating capacity of more than six and less than 15 Metal bodies and cabs with the exception of those for motor vehicles for the transport of persons with a seating capacity of six or less
ex 87.10-00	Benelux Italy	Except delivery tricycles and similar Except delivery tricycles
ex 87.12-20, 99 20, 99	Benelux Italy	Frames, whether or not assembled, comprising one or more items or other parts (except delivery tricycles), not motorized Parts and accessories of non-liberalized vehicles falling within heading Nos 87.09 and 87.10
ex 89.01-70, 73	Italy	Pleasure craft, other than 'aliscafi'
ex 93.07-45, 49	Benelux	Sporting cartridges

**Joint declaration by the European Economic Community and the Hungarian People's Republic
concerning Annexes A and B to the Protocol**

Pursuant to the International Convention on the Harmonized Commodity Description and Coding System, the codes and descriptions of goods established on the basis of the combined nomenclature have, as from 1 January 1988, replaced, within the Community, those established on the basis of the nomenclatures of the Common Customs Tariff and the NIMEXE. Accordingly, the application of the said Agreement within the Community, and in particular the measures to be taken by the Community to abolish various quantitative restrictions, will take place by reference to the said combined nomenclature.

In order to ensure that the Community implementing measures conform with the Agreement, Annexes A and B to the Protocol to the Agreement, which list quantitative restrictions by reference to NIMEXE positions as at 31 December 1987, must be replaced by Annexes which list the same by reference to the said combined nomenclature. This replacement must take place at the latest within six months of the entry into force of the Agreement.

Both the Community and Hungary shall therefore render each other all necessary assistance in order to effect and agree upon the said modification of Annexes A and B.

Information on the date of entry into force of the Agreement between the European Economic Community and the Hungarian People's Republic on Trade and Commercial and Economic Cooperation

The instruments of notification of the completion of the procedures for the entry into force of the Agreement between the European Economic Community and the Hungarian People's Republic on Trade and Commercial and Economic Cooperation, signed in Brussels on 26 September 1988, having been exchanged on 23 November 1988, the Agreement will enter into force on 1 December 1988, in accordance with Article 16 thereof.

COUNCIL REGULATION (EEC) No 3381/89

of 6 November 1989

liberalizing the specific quantitative restrictions with regard to Poland and Hungary and amending Regulation (EEC) No 3420/83 accordingly

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level ⁽¹⁾, as last amended by Regulation (EEC) No 2773/87 ⁽²⁾, applies to imports of products originating from, among other countries, Poland and Hungary;

Whereas Council Regulation (EEC) No 1765/82 of 30 June 1982 on common rules for imports from State-trading countries ⁽³⁾, as amended by Regulation (EEC) No 1243/86 ⁽⁴⁾, lays down that imports of the products covered by the Annex to that Regulation are not subject to any quantitative restriction;

Whereas the economic situation in Poland and Hungary has deteriorated with increasing rapidity over the last few years with the result that undertakings in those countries have become markedly less competitive; whereas, in response to this situation and the challenge it presents, the Council approved an action plan proposed by the Commission for coordinating aid from the Community and the Western countries to these two countries, one component of this plan being intended to provide help in modernizing their economic structures, notably by increasing exports;

Whereas, in order to attain this objective, it is crucial to remove as quickly as possible the quantitative restrictions which are referred to in Articles 3 (a) and 4 (a) respectively of the accession protocols of Poland and Hungary to GATT and to which the placing in free circulation within the Community of certain products originating in the countries concerned is subject; whereas, therefore, the restrictions should be removed from 1 January 1990;

⁽¹⁾ OJ No L 346, 8. 12. 1983, p. 6.

⁽²⁾ OJ No L 217, 6. 8. 1987, p. 1.

⁽³⁾ OJ No L 195, 5. 7. 1982, p. 1.

⁽⁴⁾ OJ No L 113, 30. 4. 1986, p. 1.

Whereas, with the exception of products covered by Regulation (EEC) No 1765/82, the placing in free circulation within the Community of products originating in Poland and Hungary has hitherto fallen within the scope of Regulation (EEC) No 3420/83; whereas, from 1 January 1990, by the removal of the quantitative restrictions referred to above, the position of these two countries, as regards the existence of restrictions, will be aligned on that of the countries for which the placing of products in free circulation within the Community falls within the scope of Council Regulation (EEC) No 288/82 of 5 February 1982 on common rules for imports ⁽⁵⁾, as last amended by Regulation (EEC) No 3982/86 ⁽⁶⁾; whereas, however, with regard to the adoption of safeguard measures, it is appropriate, in accordance with Article 1 (2) of Regulation (EEC) No 3420/83, to observe the relevant provisions of the trade and cooperation agreements between the Community and Hungary ⁽⁷⁾ and between the Community and Poland ⁽⁸⁾, signed on 26 September 1988 and 19 September 1989 respectively,

HAS ADOPTED THIS REGULATION:

Article 1

The following sentence is added to Article 2 (1) of Regulation (EEC) No 3420/83:

'However, the only quantitative restrictions which the Member States may maintain with regard to Hungary and Poland are the restrictions on the products listed in Annex I to Regulation (EEC) No 288/82.'

Article 2

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

It shall apply from 1 January 1990.

⁽⁵⁾ OJ No L 35, 9. 2. 1982, p. 1.

⁽⁶⁾ OJ No L 370, 30. 12. 1986, p. 29.

⁽⁷⁾ OJ No L 327, 30. 11. 1988, p. 2.

⁽⁸⁾ Not yet published in the Official Journal.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 6 November 1989.

For the Council

The President

R. DUMAS

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*(Acts whose publication is obligatory)*Hu
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COUNCIL REGULATION (EEC) No 3691/89

of 4 December 1989

suspending non-specific quantitative restrictions in respect of Poland and Hungary and amending Regulation (EEC) No 3420/83 accordingly

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level ⁽¹⁾, as last amended by Regulation (EEC) No 3381/89 ⁽²⁾, applies to imports of products originating in, *inter alia*, Poland and Hungary;

Whereas the economic situation in Poland and Hungary has deteriorated with increasing rapidity in recent years with the result that undertakings in those countries have become markedly less competitive; whereas, in response to this situation and the challenge it presents, the Council approved an action plan approved by the Commission for coordinating aid from the Community and the western countries to these two countries, one component of this plan being to help in modernizing their economic structures, notably by increasing their exports;

Whereas the Council's adoption of the abovementioned Regulation (EEC) No 3381/89 liberalizing specific quantitative restrictions with regard to these two countries contributed an import step towards this objective; whereas, however, the release for free circulation in the Community of a relatively large number of products continues to be subject to quantitative restrictions; whereas, to enable these two countries to become integrated more rapidly into the international economic circuit, these restrictions should be suspended from 1 January 1990 and remain so suspended for as long as this is necessary for their economic restructuring; whereas, at

present, suspension for a period of one year seems appropriate;

Whereas this liberalization measures must remain compatible with the economic situation in certain particularly sensitive sectors of Community production; whereas, if necessary, these restrictions should be susceptible to reintroduction, in accordance with the relevant procedures, in order to remedy any adverse situations which might arise in the Community;

Whereas, with regard to the Kingdom of Spain and the Portuguese Republic, taking into account the provisions of the Act of Accession (Articles 177 and 364), it is appropriate that the liberalization measures laid down in this Regulation should not be applied,

HAS ADOPTED THIS REGULATION:

Article 1

The following sentences are hereby added to Article 2 (1) of Regulation (EEC) No 3420/83:

'However, the application of these quantitative restrictions to the release for free circulation of products originating in Poland or Hungary shall be suspended in the Member States, with the exception of Spain and Portugal, for a period of one year. In the event of imports of one or other of these products causing or being liable to cause economic difficulties in the Community or in one of its regions, the relevant quantitative restriction may be reintroduced in accordance with the procedures laid down in Title IV.'

Article 2

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

It shall apply from 1 January 1990.

(¹) OJ No L 346, 8. 12. 1983, p. 6.

(²) OJ No L 326, 11. 11. 1989, p. 6.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 4 December 1989.

For the Council
The President
M. DELEBARRE

PEOPLE'S REPUBLIC OF CHINA

EUROPEAN ECONOMIC COMMUNITY-PEOPLE'S REPUBLIC OF CHINA: TRADE AGREEMENT*
 [Done at Brussels, April 3, 1978; entered into force June 1, 1978]

COUNCIL REGULATION (EEC) No 946/78
 of 2 May 1978

concerning the conclusion of the Trade Agreement between the European
 Economic Community and the People's Republic of China

THE COUNCIL OF THE EUROPEAN
 COMMUNITIES,

Having regard to the Treaty establishing the European
 Economic Community, and in particular Article 113
 thereof,

Having regard to the recommendation from the
 Commission,

Whereas the Trade Agreement between the European
 Economic Community and the People's Republic of
 China, signed in Brussels on 3 April 1978 should be
 concluded,

HAS ADOPTED THIS REGULATION:

Article 1

The Trade Agreement between the European
 Economic Community and the People's Republic of
 China is hereby approved on behalf of the Commu-

The text of the Agreement is annexed to this Regula-
 tion.

Article 2

The President of the Council shall give the notifica-
 tion provided for in Article 11 of the Agreement⁽¹⁾.

Article 3

The Community shall be represented on the Joint
 Committee provided for in Article 9 of the Agree-
 ment, by the Commission, assisted by representatives
 of the Member States.

Article 4

This Regulation shall enter into force on the third day
 following its publication in the *Official Journal of
 the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member
 States.

Done at Brussels, 2 May 1978.

For the Council

The President

K. B. ANDERSEN

⁽¹⁾ The date of entry into force of the Agreement will be
 published in the *Official Journal of the European
 Communities* by the General Secretariat of the Council.

reproduced from the Official Journal of the European Communities,
 No. L 123 (May 11, 1978). The exchange of instruments of noti-
 fication provided for under Article 11 was completed in Brussels on
 May 5, 1978. The Agreement entered into force on June 1, 1978.
 This Council Regulation on common rules for imports from the People's
 Republic of China appears at I.L.M. page 1446.]

TRADE AGREEMENT

between the European Economic Community and the People's Republic of China

THE COUNCIL OF THE EUROPEAN COMMUNITIES

and

THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA,

DESIRING to develop economic relations and trade between the European Economic Community and the People's Republic of China on the basis of equality and the mutual advantage of the two Contracting Parties and to give a new impetus to their relations,

HAVE DECIDED TO CONCLUDE THIS AGREEMENT THE TERMS OF WHICH ARE AS FOLLOWS:

Article 1

The two Contracting Parties will endeavour, within the framework of their respective existing laws and regulations, to promote and intensify trade between them.

To this end they confirm their determination:

- (a) to take all appropriate measures to create favourable conditions for trade between them;
- (b) to do all they can to improve the structure of their trade in order to diversify it further; and
- (c) to examine, each for its own part and in a spirit of goodwill, any suggestions made by the other Party, in particular in the Joint Committee, for the purpose of facilitating trade between them.

Article 2

1. In their trade relations the two Contracting Parties shall accord each other most-favoured-nation treatment in all matters regarding:

- (a) customs duties and charges of all kinds applied to the import, export, re-export or transit of products, including the procedures for the collection of such duties or charges;
- (b) regulations, procedures and formalities concerning customs clearance, transit, warehousing and transshipment of products imported or exported;
- (c) taxes and other internal charges levied directly or indirectly on products or services imported or exported;
- (d) administrative formalities for the issue of import or export licences.

2. Paragraph 1 of this Article shall not apply in the case of:

- (a) advantages accorded by either Contracting Party to States which together with it are members of a customs union or free trade area;
- (b) advantages accorded by either Contracting Party to neighbouring countries for the purpose of facilitating border trade;
- (c) measures which either Contracting Party may take in order to meet its obligations under international commodity agreements.

Article 3

The two Contracting Parties will make every effort to foster the harmonious expansion of their reciprocal trade and to help, each by its own means, to attain a balance in such trade.

Should an obvious imbalance arise, the matter must be examined within the Joint Committee so that measures can be recommended in order to improve the situation.

Article 4

1. The People's Republic of China will give favourable consideration to imports from the European Economic Community. To this end the competent Chinese authorities will ensure that Community exporters have the possibility of participating fully in opportunities for trade with China.
2. The European Economic Community will strive for an increasing liberalization of imports from the People's Republic of China. To this end it will endeavour progressively to introduce measures extending

the list of products for which imports from China have been liberalized and to increase the amounts of quotas. The procedure for implementation will be examined within the framework of the Joint Committee.

Article 5

1. The two Contracting Parties shall exchange information on any problems that may arise with regard to their trade and shall open friendly consultations, with the intention of promoting trade, for the purpose of seeking mutually satisfactory solutions to those problems. Each of the two Contracting Parties will ensure that no action is taken before consultations are held.

2. In an exceptional case, however, where the situation does not admit any delay, either Contracting Party may take measures, but must endeavour as far as possible to hold friendly consultations before doing so.

3. Each Contracting Party will ensure that, when taking the measures referred to in paragraph 2, the general objectives of this Agreement are not prejudiced.

Article 6

The two Contracting Parties undertake to promote visits by persons, groups and delegations from economic, trade and industrial circles, to facilitate industrial and technical exchanges and contacts connected with trade and to foster the organization of fairs and exhibitions by both sides and the relevant provision of services. As far as possible they must grant each other the facilities concerning the above activities.

Article 7

Trade in goods and the provision of services between the two Contracting Parties shall be effected at market-related prices and rates.

Article 8

The Contracting Parties agree that payments for transactions shall be made, in accordance with their respective existing laws and regulations, in currencies of the Member States of the Community, Renminbi or any convertible currency accepted by the two parties concerned in the transactions.

Article 9

1. An EEC-China Joint Committee for Trade shall be set up, comprising representatives of the European Economic Community on the one hand and representatives of the People's Republic of China on the other.

2. The tasks of the Joint Committee shall be as follows :

- to monitor and examine the functioning of this Agreement,
 - to examine any questions that may arise in the implementation of this Agreement,
 - to examine problems that could hinder the development of trade between the Contracting Parties,
 - to examine means and new opportunities of developing trade between the Contracting Parties and other problems relating to their trade,
- and
- to make recommendations that may help to attain the objectives of this Agreement.

3. The Joint Committee shall meet once a year, in Brussels and Peking alternately. Extraordinary meetings may be convened by mutual agreement, at the request of either Contracting Party. The office of chairman of the Joint Committee shall be held by each of the two Contracting Parties in turn. Where both Parties consider it necessary, the Joint Committee may set up working parties to assist it in its work.

Article 10

As far as the European Economic Community is concerned, this Agreement shall apply to the territories in which the Treaty establishing the European Economic Community is applied, and under the conditions laid down in that Treaty.

Article 11

This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other of the completion of the legal procedures necessary for this purpose. It is concluded for a period of five years. The Agreement shall be tacitly renewed from year to year provided that neither Contracting Party notifies the other Party in writing of its denunciation of the Agreement six months before the date of expiry.

However, the Agreement may be amended by mutual consent of the two Contracting Parties in order to take account of new situations.

In witness whereof, the undersigned, being duly authorized thereto, have signed this Agreement.

Done at Brussels on the third day of April in the year one thousand nine hundred and seventy-eight, in two copies in the Danish, Dutch, English, French, German, Italian and Chinese languages, each text being equally authentic.

For the Council of the European Communities

For the Government of the People's Republic of China

POLAND

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 30 October 1989

on the conclusion of an Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation

(89/593/CEE)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ⁽¹⁾,

Whereas the conclusion of the Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation is necessary for the achievement of the Community's objectives in the field of external relations,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation and the Joint declarations attached to the Final Act are hereby approved on behalf of the Community.

The text of the instruments referred to in the preceding subparagraph is annexed to this Decision.

Article 2

The President of the Council shall give the notification provided for in Article 23 of the Agreement ⁽²⁾.

Article 3

The Commission, assisted by representatives of the Member States, shall represent the Community in the Joint Committee set up by Article 20 of the Agreement.

Article 4

This Decision shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

Done at Brussels, 30 October 1989.

For the Council
The President
J.-P. SOISSON

⁽¹⁾ Opinion delivered on 25 October 1989 (not yet published in the Official Journal).

⁽²⁾ See page 60 of this Official Journal.

AGREEMENT

between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation

THE EUROPEAN ECONOMIC COMMUNITY, hereinafter called 'the Community',

of the one part, and

THE POLISH PEOPLE'S REPUBLIC, hereinafter called 'Poland',

of the other part,

CONSIDERING the importance in the European context of the traditional links between the Community and Poland,

TAKING INTO ACCOUNT the favourable implications for trade and economic relations between the Contracting Parties of their respective economic situations and policies,

DESIROUS of creating favourable conditions for the harmonious development and diversification of trade and the promotion of commercial and economic cooperation on the basis of equality, non-discrimination, mutual benefit and reciprocity,

HAVING regard to the particular importance of foreign trade and other forms of international economic cooperation as factors of economic and social development and as sources of appropriate financial resources,

HAVING REGARD to the importance of giving full effect to the Final Act of the Conference on Security and Cooperation in Europe, the Concluding Document of the Madrid meeting and in particular the Concluding Document of the Vienna meeting,

REAFFIRMING the commitment of the Contracting Parties to the General Agreement on Tariffs and Trade and the undertakings they have given in this context,

RECALLING the status of Poland at the International Monetary Fund and the World Bank,

BELIEVING that a further impetus should be given to the trading and economic relationship between the Community and Poland,

RECOGNIZING that the Community and Poland desire to establish wider-ranging and closer contractual links that permit further development at a later stage,

HAVE DECIDED to conclude this Agreement and to this end have designated as their Plenipotentiaries:

THE EUROPEAN ECONOMIC COMMUNITY:

Roland DUMAS,

Ministre d'État, Minister for Foreign Affairs of the French Republic,

President-in-Office of the Council of the European Communities

Frans ANDRIESEN,

Vice-President of the Commission of the European Communities

THE POLISH PEOPLE'S REPUBLIC:

Krzysztof SKUBISZEWSKI,

Minister for Foreign Affairs

Marcin ŚWIĘCICKI,

Minister for External Economic Cooperation

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

Article 1

the two Parties undertake to facilitate and promote trade and economic cooperation with each other.

TITLE I

Trade and commercial cooperation

Article 2

The Contracting Parties reaffirm their commitment to accord each other most-favoured nation treatment in accordance with the General Agreement on Tariffs and Trade (GATT) and the Protocol for the accession of Poland thereto.

Article 3

This Agreement shall apply to trade in all products originating in the Community or in Poland with the exception of the products covered by the Treaty establishing the European Coal and Steel Community.

Unless otherwise specified in this Agreement, trade and economic cooperation between the Contracting Parties shall be conducted in accordance with their respective obligations.

Article 4

This Agreement shall not affect the provisions of the existing Agreements concerning trade in textile products between the Community and Poland, nor of any agreements subsequently concluded in the same field.

Furthermore, should the Community invoke paragraph 24 of the Protocol extending the Arrangement regarding International Trade in Textiles of 31 July 1986, the provisions of the said Arrangement shall apply to the products in question.

Not later than six months before the expiry of the Agreements concerning trade in textile products referred to above, the Contracting Parties shall consult each other with a view to determining the arrangements to be applied to trade in textile products after the expiry of the said Agreements.

This Agreement shall not affect specific agreements or arrangements covering agricultural products in force between the Contracting Parties, or any successor agreements or arrangements.

Article 5

In the framework of their respective laws and regulations, the Contracting Parties shall adopt appropriate measures to attain the objectives of this Agreement.

2. To that end, they confirm their resolve to consider favourably, each for its own part, suggestions made by the other party with a view to attaining the said objectives.

Article 6

Each Contracting Party shall accord the highest degree of liberalization which they generally apply to third countries to imports of the other's products taking into account the provisions of the GATT and of the Protocol for the accession of Poland thereto; to this end the Community undertakes to phase out over the initial period of application of this Agreement referred to in Article 23 the quantitative restrictions referred to in Article 3 (a) of the Protocol for the accession of Poland to the GATT in accordance with the provisions and in respect of the products referred to in Articles 7 to 9 of this Agreement.

Article 7

The Community undertakes to eliminate by the end of the first year following the entry into force of this Agreement at the latest the quantitative restrictions on imports into those regions of the Community and of those products listed in Annex I.

Article 8

1. The Community undertakes to eliminate by 31 December 1992 at the latest the quantitative restrictions on imports into those regions of the Community and of those products listed in Annex II in accordance with the procedure specified therein. The list of quantitative restrictions covered by this Article may be amended by agreement between the Parties following consultations within the joint committee referred to in Article 20.

2. For 1990 and each subsequent calendar year, the Community shall open import quotas for the products listed in Annex II.

Article 9

The Community:

- shall open, for 1990 and each subsequent calendar year, import quotas for products subject to the quantitative restrictions listed in Annex III,
- shall, subject to exceptions, progressively and regularly increase these quotas with a view to the elimination of the quantitative restrictions in question by 31 December 1994 at the latest.

Article 10

The joint committee set up pursuant to Article 20 shall, during its meeting in 1994, draw up the arrangements which shall apply for a prescribed period after 31 December 1994 to imports of the products subject to the exceptions referred to in Article 9.

Article 11

1. Import quotas shall be opened in good time in order not to hinder normal trade flows.
2. Imports into the Community of products covered by this Agreement shall not be charged against the quotas referred to in the preceding Articles if they are declared as being intended for re-export and are re-exported from the Community either in the unaltered state or after inward processing under the administrative control arrangements in force in the Community.

Article 12

1. The two Parties shall accord each other the agricultural trade concessions referred to in Annex IV and Annex V in accordance with the provisions laid down in the said Annexes.
2. Taking into account the importance of their trade in agricultural products and the implications of multilateral negotiations in the GATT framework, the Contracting Parties shall examine in the joint committee referred to in Article 20 the possibility of granting each other, on the basis of Article 2, new concessions, product-by-product, on a reciprocal and harmonious basis.

Article 13

The Parties shall inform each other of any changes in their tariff or statistical nomenclature or of any decision taken in accordance with the procedures in force concerning the classification of products covered by this Agreement.

Article 14

Goods shall be traded between the Contracting Parties at market-related prices.

Article 15

1. The Contracting Parties shall consult each other if any product is being imported in trade between the Community and Poland in such increased quantities or under such conditions as to cause or threaten to cause serious injury to domestic producers of like or directly competitive products.
2. The Contracting Party requesting the consultations shall supply the other Party with all the information required for a detailed examination of the situation.
3. The consultations requested pursuant to paragraph 1 shall be held with due regard for the fundamental aims of the

Agreement and shall be completed not later than 30 days from the date of notification of the request by the Party concerned, unless the Parties agree otherwise.

4. If, following such consultations, the Contracting Parties recognize that the situation referred to in paragraph 1 exists, exports shall be limited or other action, which may include measures relating to the price at which the exports are sold, shall be taken to prevent or repair the injury.
5. If, following action under paragraphs 1 to 4, the Contracting Parties do not reach Agreement, the Party which requested the consultations shall be free to restrict imports of the products concerned to the extent and for such time as is necessary to prevent or repair the injury. The other Contracting Party shall then be free to deviate from its obligations towards the first Party in respect of substantially equivalent trade.
6. In critical circumstances, where delay would cause damage difficult to repair, interim protective measures may be adopted, without prior consultation, provided consultations are held immediately thereafter.
7. In the selection of measures under this Article, the Contracting Parties shall give priority to those which cause the least disturbance to the functioning of this Agreement.
8. Where necessary, the Contracting Parties may hold consultations to determine when the measures adopted pursuant to paragraphs 4, 5 and 6 shall cease to apply.
9. If, after the procedures provided for in this Article have been exhausted, the Contracting Parties still disagree about measures adopted pursuant to this Article, the Community and Poland may refer the disagreement to the Contracting Parties of the GATT in accordance with Article XIX of the GATT and Article 4 of the Protocol for the accession of Poland to the GATT.

Article 16

1. The Contracting Parties shall make every effort to promote, expand and diversify their trade on a basis of non-discrimination and reciprocity. The joint committee set up by Article 20 of this Agreement shall attach special importance to ways of encouraging the reciprocal and harmonious expansion of trade.
2. To this end the Contracting Parties agree to ensure publication of comprehensive data on commercial and financial issues including production, consumption and foreign trade statistics, and information in accordance with Article X of the GATT.

The Contracting Parties agree to cooperate with a view to simplifying customs procedures and customs documents.

In furtherance of the aims of this Article, the Contracting Parties agree to maintain and improve favourable business regulations, facilities and practices for each other's firms or companies on their respective markets, *inter alia* as indicated in Annex VI.

Article 17

Within the limits of their respective powers, the Contracting Parties:

shall encourage the adoption of arbitration for the settlement of disputes arising out of commercial and cooperation transactions concluded by firms, enterprises and economic organizations of the Community and those of Poland,

agree that where a dispute is submitted to arbitration, each party to the dispute may freely choose its own arbitrator, irrespective of his nationality, and that the presiding third arbitrator or the sole arbitrator may be a citizen of a third State,

shall encourage recourse to the arbitration rules elaborated by the United Nations Commission on International Trade Law (Uncitral) and to arbitration by any centre of a State signatory to the Convention on Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958.

TITLE II

Economic cooperation

Article 18

In the light of their respective economic policies and objectives, the Contracting Parties shall foster economic cooperation on as broad a base as possible in all fields deemed to be in their mutual interest.

The objective of such cooperation shall be, *inter alia*:

to reinforce and diversify economic links between the Contracting Parties,

to contribute to the development of their respective economies and standards of living,

to open up new sources of supply and new markets,

to encourage cooperation between firms, with a view to promoting joint ventures, licensing agreements and other forms of industrial cooperation to develop their respective industries,

to encourage scientific and technological progress,

— to support structural changes in the Polish economy in order to increase and diversify trade in goods and services with the Community.

2. In order to achieve these objectives, the Contracting Parties shall make efforts to encourage and promote economic cooperation, in particular in the following sectors:

— industry, including petrochemicals and shipbuilding and ship repair,

— agriculture, including agro-industries and agricultural machinery,

— mining,

— energy,

— transport, tourism and other services,

— telecommunications,

— environmental protection and the management of natural resources,

— health, including medical equipment,

— scientific research in designated sectors in which the Contracting Parties are, or may be, engaged,

— vocational training and management training, *inter alia* in banking and insurance,

— standards,

— statistics.

3. To give effect to the objectives of economic cooperation and within the limits of their respective powers, the Contracting Parties shall encourage the adoption of measures aimed at creating favourable conditions for economic and industrial cooperation, *inter alia* by:

— facilitating the exchange of commercial and economic information,

— developing a favourable climate for investment, joint ventures and licensing arrangements, notably by Agreements between the Member States of the Community and Poland on investment promotion and protection, including the transfer of profits and repatriation of capital, on the basis of the principles of non-discrimination and reciprocity,

— facilitating exchanges and contacts between persons and delegations representing commercial or other relevant organizations, and encouraging business contacts, notably by setting up appropriate infrastructure,

— organizing seminars, fairs or exhibitions, symposia and business weeks,

— promoting activities involving the provision of technical expertise in appropriate areas,

— encouraging, in accordance with the respective laws and policies of the Contracting Parties, joint research and

- development activities, the exchange of information and contacts between scientists, research and educational establishments and businesses,
- facilitating cooperation between businesses on the markets of third countries.

Article 19

Without prejudice to the relevant provisions of the Treaties establishing the European Communities, this Agreement and any action taken under it shall in no way affect the powers of the Member States of the Community to undertake bilateral activities with Poland in the field of economic cooperation and to conclude, where appropriate, new economic cooperation agreements with Poland.

TITLE III

Joint committee

Article 20

1. (a) A joint committee shall be set up comprising representatives of the Community, on the one hand, and representatives of Poland, on the other.
 - (b) The joint committee shall formulate recommendations by mutual Agreement between the Contracting Parties.
 - (c) The joint committee shall, as necessary, adopt its own rules of procedure and programme of work.
 - (d) The joint committee shall meet once a year in Brussels and Warsaw alternately. Special meetings may be convened by mutual agreement, at the request of either Contracting Party. The office of chairman of the joint committee shall be held alternately by each of the Contracting Parties. Wherever possible, the agenda for meetings of the joint committee shall be agreed beforehand.
 - (e) The joint committee may set up specialized sub-committees to assist it in the performance of its tasks.
2. (a) The joint committee shall ensure the proper functioning of this Agreement and shall devise and recommend measures for achieving its objectives, keeping in view the economic and social policies of the Contracting Parties.
 - (b) The joint committee shall endeavour to find ways of encouraging the development of trade and commercial and economic cooperation between the Contracting Parties. In particular, it shall:
 - examine the various aspects of trade between the Parties, notably its overall pattern, rate of growth, structure and diversification, the trade balance and the various forms of trade and trade promotion,
 - make recommendations on any commercial or economic cooperation problem of mutual concern,
 - seek appropriate means of avoiding possible difficulties in the fields of trade and cooperation and encourage various forms of commercial and economic cooperation in areas of mutual interest,
 - consider measures likely to develop and diversify trade and economic cooperation, notably by improving import opportunities in the Community and in Poland,
 - exchange information on macro-economic plans and forecasts for the economies of the two Parties which have an impact on trade and cooperation and, by extension, on the scope for developing complementarity between their respective economies and also on proposed economic development programmes,
 - seek methods of arranging and encouraging the exchange of information and contacts in matters relating to cooperation in the economic field between the Contracting Parties on a mutually advantageous basis, and work towards the creation of favourable conditions for such cooperation,
 - examine favourably ways of improving conditions for the development of direct contacts between firms established in the Community and those established in Poland,
 - formulate and submit to the authorities of both Contracting Parties recommendations for solving any problems that arise, where appropriate by concluding arrangements or agreements.

TITLE IV

General and final provisions

Article 21

1. This Agreement shall not affect or impair the rights and obligations of the parties under the GATT and the Protocol for the accession of Poland to the GATT.
2. Subject to the provisions concerning economic cooperation in Article 19, the provisions of this Agreement shall replace the provisions of the Agreements concluded

between the Member States of the Community and Poland to the extent to which the latter provisions are either incompatible with, or identical to, the former.

Article 22

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of the Polish People's Republic.

Article 23

This Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties have notified each other that the legal procedures necessary to this end have been completed. The Agreement shall be concluded for an initial period of five years. The Agreement shall be automatically renewed year by year

provided that neither Contracting Party gives the other Party written notice of denunciation of the Agreement six months before it expires.

However, the Contracting Parties may amend this Agreement by mutual consent in order to take account of new developments.

The Annexes, the Exchange of Letters concerning the combined nomenclature and the Exchange of Letters concerning new experimental import arrangements (*Testausschreibung*) attached to this Agreement shall form an integral part thereof.

Article 24

This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Polish languages, each text being equally authentic.

En fe de lo cual, los plenipotenciarios abajo firmantes suscriben el presente acuerdo.

Til bekræftelse heraf har undertegnede befuldmægtigede underskrevet denne aftale.

Zu Urkund dessen haben die unterzeichneten Bevollmächtigten ihre Unterschriften unter dieses Abkommen gesetzt.

Εις πίστωση των ανωτέρω, οι υπογεγραμμένοι πληρεξούσιοι έθεσαν τις υπογραφές τους στην παρούσα συμφωνία.

In witness whereof the undersigned Plenipotentiaries have signed this Agreement.

En foi de quoi, les plénipotentiaires soussignés ont apposé leurs signatures au bas du présent accord.

In fede di che, i plenipotenziari sottoscritti hanno apposto le loro firme in calce al presente accordo.

Ten blijke waarvan de ondergetekende gevolmachtigden hun handtekening onder deze Overeenkomst hebben gesteld.

Em fé do que, os plenipotenciários abaixo assinados apuseram as suas assinaturas no final do presente Acordo.

Na dowód czego pełnomocnicy złożyli swoje podpisy pod niniejszą umową.

Hecho en Varsovia, el diecinueve de septiembre de mil novecientos ochenta y nueve.

Udfærdiget i Warszawa, den nittende september nitten hundrede og niogfirs.

Geschehen zu Warschau am neunzehnten September neunzehnhundertneunundachtzig.

Έγινε στη Βαρσοβία, στις δέκα εννέα Σεπτεμβρίου χίλια εννιακόσια ογδόντα εννέα.

Done at Warsaw on the nineteenth day of September in the year one thousand nine hundred and eighty-nine.

Fait à Varsovie, le dix-neuf septembre mil neuf cent quatre-vingt-neuf.

Fatto a Varsavia, addì diciannove settembre millenovecentottantanove.

Gedaan te Warschau, de negentiende september negentienhonderd negentachtig.

Feito em Varsóvia, em dezanove de Setembro de mil novecentos e oitenta e nove.

Sporządzono w Warszawie dnia dziewiętnastego września roku tysiąc dziewięćset osiemdziesiątego dziewiątego.

Por el Consejo de las Comunidades Europeas

For Rådet for De Europæiske Fællesskaber

Für den Rat der Europäischen Gemeinschaften

Για το Συμβούλιο των Ευρωπαϊκών Κοινοτήτων

For the Council of the European Communities

Pour le Conseil des Communautés européennes

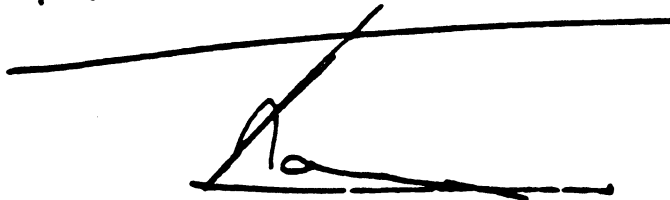
Per il Consiglio delle Comunità europee

Voor de Raad van de Europese Gemeenschappen

Pelo Conselho das Comunidades Europeias

Za Radę Wspólnot Europejskich

Roland Dumas



Por la República Popular Polaca

For Folkerepublikken Polen

Für die Volksrepublik Polen

Για τη Λαϊκή Δημοκρατία της Πολωνίας

For the Polish People's Republic

Pour la république populaire de Pologne

Per la Repubblica popolare di Polonia

Voor de Volksrepubliek Polen

Pela República Popular da Polónia

Za Polską Rzeczpospolitą Ludową

Henryk Jablonski



ANNEX I

referred to in Article 7

Nimexe code 1987	BNL	DK	D ⁽²⁾	F	IRL	I	UK	GR	E	P
07.01-13						+				
15						+				
17	+									
07.02-50						+				
08.01-50						+				
17.04-06	+								+	
08	+								+	
11	+								+	
12	+								+	
13	+								+	
14	+								+	
15	+								+	
16	+								+	
18	+								+	
19	+								+	
20	+								+	
21	+								+	
22	+								+	
23	+								+	
24	+								+	
25	+								+	
26	+								+	
27	+								+	
28	+								+	
29	+								+	
31	+								+	
33	+								+	
34	+								+	
36	+								+	
37	+								+	
38	+								+	
39	+								+	
40	+								+	
42	+								+	
43	+								+	
44	+								+	
45	+								+	
46	+								+	
47	+								+	
48	+								+	
49	+								+	
50	+								+	
56	+								+	
57	+								+	
58	+								+	
60	+								+	
62	+								+	
63	+								+	

Nimexe code 1987	BNL	DK	D (*)	F	IRL	I	UK	GR	E	P
17.04-64	+								+	
65	+								+	
66	+								+	
67	+								+	
68	+								+	
69	+								+	
70	+									
71	+								+	
73	+									
74	+								+	
75	+								+	
76	+								+	
78	+								+	
79	+								+	
80	+								+	
81	+								+	
82	+								+	
83	+								+	
84	+								+	
85	+								+	
86	+								+	
87	+								+	
88	+								+	
89	+								+	
90	+									
92	+									
93	+								+	
96	+								+	
98	+								+	
18.06-01	+	+								
02	+	+								
03	+	+								
05		+								
06		+								
09		+								
12	+	+								
13	+	+								
14	+	+								
16	+	+								
17	+	+								
18	+	+								
19	+	+								
21	+	+								
24	+	+								
25	+	+								
27	+	+								
28	+	+								
29	+	+								
30	+	+								
31	+	+								
34	+	+								
35	+	+								
37	+	+								

Nimexe code 1987	BNL	DK	D ⁽²⁾	F	IRL	I	UK	GR	E	P
18.06-38	+	+								
39	+	+								
40	+	+								
41	+	+								
44	+	+								
45	+									
47	+	+								
51	+	+								
53	+	+								
55	+	+								
61	+	+								
64	+	+								
65	+	+								
67	+	+								
70	+	+								
71	+	+								
72	+	+								
73	+	+								
74	+	+								
75	+	+								
77	+	+								
78	+	+								
79	+	+								
80	+									
81	+	+								
83	+	+								
85	+	+								
86	+	+								
87	+	+								
88	+	+								
89	+	+								
90	+	+								
91	+	+								
92	+	+								
93	+	+								
94	+	+								
96	+	+								
97	+	+								
98	+	+								
20.07-07						+				
22.06-11						+				
15						+				
22.07-31						+				
35						+				
51						+				
59						+				
22.09-31						+				
39						+				
22.10-51						+				
55						+				
25.31-11						+				
15						+				
99						-				

Nimexe code 1987	BNL	DK	D ⁽¹⁾	F	IRL	I	UK	GR	E	P
27.04-11						+				
80						+				
27.07-91						+				
28.20-15						+				
28.27-80						+				
28.38-81						+				
28.54-10						+				
90						+				
29.03-10									+	
51									+	
29.04-12						-				
14						+			+	
27						+(¹)				
35						+				
39						+				
80						+				
90						-				
29.06-38						+				
29.11-91						+				
97						+				
29.15-65						-				
71						-				
29.16-18						+				
41						+(¹)				
45						+(¹)				
65						+				
67						+				
75						+				
81						+				
85						+				
89						+				
29.22-13						+				
14						+(¹)				
16						+				
18						+(¹)				
21						+				
25						+(¹)				
29						+				
32						+				
29.22-51						+(¹)				
55						+(¹)				
61						+				
69						+				
71						+(¹)				
29.23-14						+				
17						+				
77						+				
78						+				
29.35-41						+				
47						+				
49						+				
68						+				
69						+				
75						+				

Nimexe code 1987	BNL	DK	D (2)	F	IRL	I	UK	GR	E	P
29.35-77						+				
78						+				
80						+				
81						+				
82						+				
83						+				
84						+				
95						+				
29.38-25						+				
29.44-91						+				
30.03-11						+				
13						+				
15						+				
17						+				
23						+				
25						+				
32.07-71						+				
79						-				
90						+				
36.04-10						+				
90						+				
36.05-10						+				
50						+				
80						+				
36.06-00	+									
36.08-01						+				
10						+				
90						+				
37.03-21						+				
29						+				
37.03-99						+				
38.11-30						+				
35						+				
38.19-01						+				
03						+				
04						+				
06						+				
12						+				
14						+				
18						+				
22						+				
26						+				
32						+				
35						+				
37						+				
39						+				
41						+				
43						+				
45						+				
48						+				
49						+				
53						+				
55						+				
59						+				
66						+				
72						+				
74						+				

Nimexe code 1987	BNL	DK	D (2)	F	IRL	I	UK	GR	E	P
38.19-78						+				
82						+				
96						+				
39.01-92						+(1)				
39.02-67									+	
39.03-05						+				
07						+				
17						+				
21						+				
29						+				
31						+				
33						+				
34						+				
36						+				
37						+				
39						+			+	
41						+				
43									+	
44									+	
47									+	
49						+			+	
51						+			+	
39.03-53						+				
55						+			+	
57						+			+	
59						+			+	
60						+				
40.02-20						+				
65						+				
70						+				
40.06-10						+				
98						+				
41.02-17						+				
31						+				
32						-				
98						-				
44.11-41			+							
44.18-21						+				
44.23-71						+				
45.01-20						+				
40						+				
60						+				
48.01-01						+				
22						+				
24						+				
32						+				
36						+				
38						+				
39						+				
44						+				
46						+				
48						+				
51						+				
63						+				
68						+				
70						+				

Nimexe code 1987	BNL	DK	D ⁽²⁾	F	IRL	I	UK	GR	E	P
48.01-71						+				
72						+				
74						+				
76						+				
78						+				
81						+				
83						+				
85						+				
89						+				
94						+				
98						+				
99						+				
64.01-39						+				
41						+				
49						+				
51						+				
55						+				
59						+				
65						+				
70						+				
91						+				
93						+				
64.02-21	-					+				
61						+				
65.05-11							+			
50							+			
65.06-50							+			
70							+			
66.01-10						+				
20						+				
50						+				
80						+				
69.04-11								+		
13						+		+		
90						+		+		
69.06-10		+								
90		+								
69.08-63			+							
69.10-90						+				
70.07-20						+				
31						+				
39						+				
70.10-01	+									
90	-									
70.16-10						+				
90						+	(1)			
70.17-15	-									
17	-									
71.16-21			+							
73.02-19						+	(1)			
47			+							
49			+							
55						+	(1)			
60						+			+	
70			+							
81						+				+
83			+			+	(1)			

Nimexe code 1987	BNL	DK	D (*)	F	IRL	I	UK	GR	E	P
73.02-91						+				
99						+			+	
73.10-45						+				
73.11-20						+				
43						+				
73.17-10						+				
73.18-42						+				
44						+				
46						+				
48						+				
51						+			+	
52						+			+	
54						+				
56						+				
58						+				
62						+				
76						+				
78						+				
84						+				
97						+				
73.19-10						+				
30						+				
50						+				
90						+				
73.20-30			+							
32						+				
34						+				
36						+				
37						+				
38						+				
73.32-67			+							
93			+							
73.40-51								+		
61						+		+		
66						+				
86						+				
76.01-11			+	+						
21			+	+						
29			+	+						
76.02-12						+				
21						+				
25						+				
76.03-10						+				
22						+				
32						+				
39						+				
55						+				
76.04-11						+				
18						+				
72						+				
78						+				
82						+				
76.06-01						+				
10						+				
40						+				
77.01-11						+				
13						+				

Nimesse code 1987	BNL	DK	D ⁽²⁾	F	IRL	I	UK	GR	E	P
78.02-00						+				
78.03-00						+				
78.04-11						+				
19						+				
20						+				
78.05-00						+				
78.06-90						+(¹)				
79.03-12	-									
16	-									
19	-					+				
25						+				
79.04-00						+				
81.04-50						+				
53						+(¹)				
84.06-20								-		
22								-		
24								-		
39								-		
42								-		
46						+		-		
48						+		-		
52								-		
53								+		
54								-		
63								-		
64								+		
66								-		
78								-		
83								+		
84								-		
84.35-13						+				
14						+				
15						+				
16						+				
21						+				
23						+				
25						+				
27						+				
29						+				
32						+				
35						+				
51						+				
57						+				
84.41-17						+				
84.52-20						+(¹)				
30						+(¹)				
40						+(¹)				
81						+(¹)				
89						+(¹)				
95						+(¹)				
84.55-10						+(¹)				
61						+(¹)				
93						+(¹)				
94						+(¹)				
85.03-40								-		
50								-		
90								-		

Ninexre code 1987	BNL	DK	D ⁽²⁾	F	IRL	I	UK	GR	E	P
85.15-14								+		
22								-		
25								+		
31								+		
33								+		
35								+		
44								+		
45							-	+		
46								+		
52				+			+			
53				+			+			
55				+			+			
57				+			+			
58							-			
59							-	+		
85.22-10						+				
40						+				
85.23-12								-		
85.24-30						+				
91						+				
87.01-41									+	
44									+	
52									+	
54									-	
55									-	
87.02-03								+		
05								+		
12								-		
14								-		
21								-		
23								-		
25								-		
27								-		
87.03-10						+				
30						+				
87.05-11								+		
19								+		
91								+		
99								+		
87.10-00	+									
87.12-20	+									
99	+									
92.05-11			+							
93.07-10						+				
31						+				
33						+				
51						+				
53						+				
55						+				
99						+				
96.01-10	+									
97.03-80								+		
85								+		
90								+		
98.15-20			+							
30			+							

QUANTITATIVE RESTRICTIONS IN THE TEXTILES SECTOR SUBJECT TO AUTONOMOUS IMPORT ARRANGEMENTS

Nimex code 1987	BNL	DK	D ⁽²⁾	F	IRL	I	UK	GR	E	P
ex cat. 67										
06.05-99							-			
ex cat. 136										
50.09-80								+		
59.17-21								+		
ex cat. 138										
57.11-10							+			
cat. 148 A										
57.06-11	+									
15	+									
30	+									
cat. 149 A										
57.10-62	+									
cat. 149 B										
57.10-68	+									
cat. 149 C										
57.10-70	+									
cat. 150 A										
57.10-21							+			
29							+			
cat. 150 B										
57.10-31							+			
39							+			
cat. 150 C										
57.10-50							+			
ex cat. 157										
60.04-09				+						
16				+						
29				+						
90				+						
ex cat. 161										
61.02-83			+							
89				+						
61.03-16			+							

(1) For the headings indicated, Italy applies the open licensing system.

(2) For all headings, the Federal Republic of Germany applies the *Testauschreibung* system.

DESCRIPTION OF THE GOODS COVERED BY PARTIAL QUANTITATIVE RESTRICTIONS
LISTED IN ANNEX I

Nimex Code 1987	Member State	Exact description of goods
ex 25.31-99	Italy	Nepheline and nepheline syenite
ex 29.04-12	Italy	Propyl alcohol
90	Italy	Excluding chloral hydrate
ex 29.15-65	Italy	Diisooctyl phthalates
71	Italy	Dimethyl, diethyl phthalates (ortho)
ex 32.07-79	Italy	Other than pigments based on chrome oxides or chromates
ex 41.02-32, 98	Italy	Excluding parchment leather
ex 64.02-21	Benelux	For men and boys
ex 70.10-90	Benelux	Of blown or pressed glass
ex 70.17-15	Benelux	Laboratory glassware, of pressed glass
17	Benelux	Hygienic and pharmaceutical glassware, of blown or pressed glass
ex 79.03-12, 16, 19	Benelux	Square or rectangular
ex 84.06-20, 22, 24	Greece	Two-stroke internal combustion engines of a cylinder capacity of more than 10 cm ³
39, 42, 46, 48		Two-stroke internal combustion engines of a cylinder capacity of more than 10 cm ³ , excluding spark-ignition engines
52, 54		Of a power of less than 37 kW
63, 66, 78, 84		Diesel and semi-diesel engines used as propulsion engines for vehicles or vessels, including engines for tractors, of a power of 37 kW or less, i.e. the power normally produced by an engine at 1 750 revolutions per minute under normal combustion conditions
ex 85.03-40, 50, 90	Greece	1,5 V batteries of the types R6, R14 and R20 and 4,5 V batteries of the type 3 R12 corresponding to international standard IEC 86-2/77
ex 85.15-22	Greece	Radio-broadcast receivers capable of operating without an external source of power, incorporating sound recorders or reproducers, without built-in loudspeaker
45, 58	United Kingdom	Television receivers, monochrome
ex 85.23-12	Greece	Conducting cables for television serials
ex 87.02-12 to 27	Greece	With more than six seats
ex cat. 67		
ex 60.05-99	United Kingdom	Other than fibres covered by the Multifibre Arrangement
ex 87.12-20 to 99	Spain	Of non-liberalized articles falling within heading No 87.09 or 87.10

Textiles: the partial restrictions on all headings covered by textile categories 7 to 123 concern products other than those of fibres covered by the Multifibre Arrangement.

ANNEX II

referred to in Article 8 of the Agreement

Nimere code 1987	BNL	DK	D (1)	F	IRL	I	UK	GR	E	P
04.06-00						+				
07.04-50			+			+		.		
11.05-00						+ (2)				
17.04-23									+	
56									+	
70									+	
73									+	
18.06-80		+								
24.02-20						+				
40						+ (2)				
25.23-10						+				
15						+				
20						+				
30						+				
70						+				
90						+				
27.07-29						- (2)				
39						+ (2)				
28.08-11									+	
28.17-11						+				
15						+				
28.20-11						+				
28.21-10										
28.38-27									+	
47			+			+				
49						+				
28.40-30						+ (2)				
28.42-31									+	
35									+	
28.46-90						-				
28.47-31						+				
28.56-50						+ (2)				
29.02-26						+				
70						+				
29.03-31						+ (2)				
71									+	
29.04-31						-				
29.14-11						+ (2)			+	
29.15-11									+	
29.16-29									+	
71						+ (2)				
71						+ (2)				
29.22-79						+ (2)				
80						+ (2)				
91						+ (2)				
99						+ (2)				
29.23-75									+	
79						+				

Nimexe code 1987	BNL	DK	D ⁽¹⁾	F	IRL	I	UK	GR	E	P
29.30-00									-	
29.35-72						+	(²)			
73						+			+	
79						+				
90						+				
98						-				
30.03-21						+				
29						+				
31.02-15			+							
30			+							
31.03-15									+	
19									+	
30									+	
31.04-11									+	
14									+	
16									+	
18									+	
21									+	
29									+	
32.07-69						-				
80						+				
36.06-00							+			
37.03-01						+				
95						+				
38.11-40						+			+	
50						+			+	
60						+			+	
70						+			+	
80						+			+	
38.14-31						+				
33						+				
39						+				
38.19-16						+				
24						+				
60						+				
61						+				
62						+				
99						+				
39.01-29									+	
94						+	(²)			
39.02-15									+	
39.03-23						+				
41									+	
53									+	
40.02-61						+				
63						+				
80						+				
90						+				
40.11-10						+				
41.02-19						+				
21						+				
28						-				

Nimexe code 1987	BNL	DK	D (*)	F	IRL	I	UK	GR	E	P
41.02-35						+				
37						+				
42.02-21			+							
31			+							
41			+							
60			+							
42.03-10									+	
51									+	
59									+	
43.03-40									+	
60									+	
80									+	
44.11-10			+							
91			+							
99			+							
44.15-20			+							
31			+							
44.18-11			+			+				
21									+	
25			+			+				
29						+				
30									+	
44.23-79						+				
44.24-00									+	
44.28-71									+	
99									+	
46.03-10									+	
90									-	
48.01-07						+				
10						+				
40						+				
42						+				
50						+				
67						+				
80						+				
87						+				
90						+				
92						+				
96						+				
(For textiles, Chapters 50-63: see p. 30 <i>et seq.</i>)										
32			+			+				
33						+				
34			+			+				
35						+				
36						+				
37						+				
38						+				
39						+				
40						+				
41						+				
43	- (*)		+			+				
45			+			+				
47						+				
49						+				
50			+							
52						+				

Nimexre code 1987	BNL	DK	D (*)	- F	IRL	I	UK	GR	E	P
64.02-54						+				
56			+			+				
58						+				
59						+				
60	- (*)					+	+			
69						-	+			
99	- (*)									
68.16-20			+							
69.02-10			+							
70.05-69	- (*)									
70.17-11									-	
15									-	
17									-	
70.20-52									+	
60									+	
70									+	
73									+	
77									+	
70.20-79									+	
80									+	
85									+	
91									+	
93									+	
97									+	
99									+	
71.16-51			+							
73.02-20						+	(*)			
43			+							
45			+							
57						+	(*)			
70									+	
91									+	
73.10-20			+			+				
30						+				
49						+				
73.11-31						+				
39						+				
49						+				
73.12-25						+				
29						+				
30						+				
40						+				
59						+				
61						+				
63						+				
65						+				
75						+				
77						+				
81						+				
85						+				
87						+				
88						+				
89						+				
90						+				
73.13-62						+				
90						+				
95						+				
97						+				

Nimex code 1987	BNL	DK	D ⁽¹⁾	F	IRL	I	UK	GR	E	P
73.17-80						+				
73.18-02						+				
03						+				
05						+				
13						+				
15						+				
21						+				
22						+				
23						+				
24						+				
26						+				
27						+				
28						+				
32						+				
34						+				
36						+				
38						+				
41						+				
64						+				
66						+				
67						+				
72						+				
74						+				
82						+				
86						+				
88						+				
99						+				
73.20-11						+				
19						+				
30						+				
35						+				
73.20-43						+				
99						+				
73.21-30						+				
50						+				
60						+				
70						+				
99						+				
73.25-01						+				
11						+				
21						+				
31						+				
35						+				
39						+				
51						+				
55						+				
59						+				
98						+				
73.32-50		+								
61		+								
63		+								
65		+								
67		+								
69		+		+						
71		+								
72		+								
73		+								
74		+								

Nimex code 1987	BNL	DK	D ⁽¹⁾	F	IRL	I	UK	GR	E	P
73.32-76		+								
77		+								
78		+								
79		+								
81		+								
83		+								
86		+								
87		+	+							
88		+								
89		+								
91		+	+							
93		+								
95		+	+							
97		+	+							
99		+								
73.40-17						+				
25						+				
84						+				
88						+				
92						+				
94						+				
98						+				
76.02-14						+				
18						+				
76.03-29						+				
51						+				
76.04-88						+				
76.06-50						+				
76.07-00						+				
76.12-10		+								
90		+								
78.06-10						+	(2)			
79.01-30						+	(2)			
79.03-12						+				
16						+				
84.11-35									+	
36									+	
37									+	
84.35-38						+				
58						+				
84.51-12						+				
13						+				
14						+				
18						+				
19						+				
20						+				
84.55-69						+	(2)			
70						+	(2)			
97						+	(2)			
98						+	(2)			
85.19-79									+	
80									+	
83									+	
86									+	
85.22-55						+				
59						+				
85.24-10						+	(2)			

Nimex code 1987	BNL	DK	D (*)	F	IRL	I	UK	GR	E	P
85.25-35						+				
87.01-12									+	
71									+	
87.12-20						-				
32						-				
34						-				
38						-				
40						-				
50						-				
55						-				
60						-				
70						-				
80						-				
91						-				
95						-				
97						-				
99						-				
89.01-83			+							
85			+							
86			+							
87									+	
89									+	
90									+	
92									+	
93									+	
94									+	
95			+							
90.23-11			+							
94.01-25		+								
31		+								
39		+								
41		+								
49		+								
60		+								
70		+								
93		+								
99		+								
94.03-15		+								
21									+	
23									+	
27									+	
33									+	
35									+	
39									+	
40									+	
51		+								
55		+								
57		+								
61		+								
63		+								
65		+								
66		+								
67		+								
69		+								
71									+	
82									+	
91									+	

Nimeze code 1987	BNL	DK	D (*)	F	IRL	I	UK	GR	E	P
94.03-95		+								
99									+	
94.04-11		+								
19		+								
30		+								
51		+								
55		+								
59		+								
61		+								
91		+								
99		+								
96.01-10		+								
41	+	(*)								
49	+	(*)								
91	+	(*)								
92	+	(*)								
93	+	(*)								
95	+	(*)								
96	+	(*)								
97.03-05			+							
75			+							
98.05-01									+	
09									+	
21									+	
29									+	

**DISCRIMINATORY QUANTITATIVE RESTRICTIONS IN THE TEXTILES SECTOR SUBJECT TO
AUTONOMOUS IMPORT ARRANGEMENTS**

(Categories 124 to 162)

Nimex code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
ex cat. 124										
56.01-11						+				
13						+				
15						+				
16						+				
17						+				
18						+				
56.02-11						+				
13						+				
15						+				
19						+				
cat. 125 A										
51.01-15	+ (*)					+				
17	+ (*)					+				
19	+ (*)					+				
32	+ (*)					+				
34	+ (*)					+				
38	+ (*)					+				
cat. 126										
56.01-21	+ (*)					+				
23	+ (*)					+				
28	+ (*)					+				
56.03-21	+ (*)					+				
29	+ (*)					+				
cat. 127 A										
51.01-63	+ (*)					+				
65	+ (*)									
74	+ (*)									
75	+ (*)									
ex cat. 133										
57.07-01						+				
03						+				
cat. 136										
50.09-01						+				
20						+				
31						+				
39						+				
41						+				
42						+				
44						+				
45						+				
47						+				
48						+				
62						+				
64						+				
66						+				
68						+				

Nimex code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
cat. 137										
58.04-05					+					
58.05-20							+			
cat. 140										
60.01-98					+					
cat. 144										
59.02-45									+	
cat. 149 A										
57.10-62					+	+				
cat. 149 B										
57.10-68					+	+				
cat. 149 C										
57.10-70					+	+				
cat. 150 A										
57.10-21						+				
cat. 150 B										
57.10-31						+				
39						+				
cat. 150 C										
57.10-50						+				
cat. 152										
59.02-31									+	
cat. 160										
61.05-91					+					
cat. 161										
61.03-16						+				

The Community undertakes to suspend the application of the quantitative restrictions marked with an asterisk in the preceding list by the end of the year following the entry into force of the Agreement at the latest.

(1) For all headings, the Federal Republic of Germany applies the *Testauschreibung* system.

(2) For the headings indicated, Italy applies the open licensing system.

**DESCRIPTION OF THE GOODS COVERED BY PARTIAL QUANTITATIVE RESTRICTIONS (-)
LISTED IN ANNEX II**

Nimexe code 1987	Member State	Exact description of goods
ex 27.07-29	Italy	Other than solvent naphtha
ex 28.46-90	Italy	Sodium perborate
ex 29.04-18	Italy	Excluding isobutyl alcohol
ex 29.30-00	Spain	Diisocyanate toluene
ex 29.35-98	Italy	Excluding carbazol and its salts
ex 32.07-69	Italy	Pigments based on zinc chromates
ex 41.02-28	Italy	Excluding parchment — dressed leather
ex 46.03-90	Spain	Basketwork, wickerwork and other articles of plaiting materials
ex 64.02-60, 99 69	Benelux Italy	For men and boys Other than footwear known as 'espadrilles', as defined in Regulation (EEC) No 1219/84 (OJ No L 117, 3. 5. 1984)
ex 70.05-69	Benelux	Glass for polishing (other than glass listed in Annex III)
ex 70.17-11	Spain	Laboratory glassware
ex 79.03-12	Germany	Wrought plates and sheets of zinc, not polished, coated or otherwise surface-treated, of a thickness of less than 5 mm
ex 87.12-20 to 99	Italy	Of non-liberalized articles falling within heading No 87.09 or 87.10

ANNEX III

referred to in Article 9 of the Agreement

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
07.01-13							+			
15							+			
31							-			
33							+			
36							-			
45							-			
47							+			
77							+			
07.02-50							+			
07.04-50							+			
11.05-00							-			
17.04-16									+	
27									+	
39									+	
45									+	
49									+	
50									+	
60									+	
62									+	
90									+	
92									+	
20.02-99							-			
24.02-10									+	
20									+	
30									+	
40									+	
91									+	
99									+	
25.23-10	+									
15	+									
20	+									
30	+									
70	+									
90	+									
27.07-25									+	
25									+	
27						+				
27.10-71				+						
73				+						
75				+						
79				+						
28.30-12						+				
79						-				
29.01-11						-				
99						-				
29.02-10						+				
21						-				
23						+				

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
29.02-25						+				
29						+				
31						+				
33						+				
35						+				
36						+				
38						+				
40						-				
91						+				
93						+				
95						+				
98						+				
29.03-31									+	
59									+	
29.04-18						-			-	
29.06-37						+				
29.11-12						+				
13						+				
29.13-11						+				
29.15-17						+				
40						+				
29.16-21						+				
29.22-39						+(¹)				
29.23-90						-				
29.30-00						-				
29.35-74						+				
29.44-20						+				
31.02-15						+		+	+	
20						+				
30						+				
40						+				
50						+				
60						+				
70						+				
80						+				
90						+				
31.05-04						+		+		
06						+		+		
12						+		+		
14						+		+		
16						+		+		
19						+		+		
21						+				
23						+				
25						+				
41						+		+		
46						+		+		
48						+		+		
32.07-10						+				
30						+				
36.02-00	+(²)					+				
38.14-37						+				

Nimeze code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
38.19-28						+				
33						+				
46						+				
68						+				
76						+				
39.02-02									+	
03									+	
04									+	
05									+	
06									+	
07									+	
09									+	
11									+	
12									+	
13									+	
14									+	
16									+	
18									+	
21									+	
22									+	
25									+	
26									+	
27									+	
28									+	
29									+	
32									+	
33									+	
34									+	
36									+	
37									+	
38									+	
39									+	
41									+	
43									+	
45									+	
46									+	
47									+	
51									+	
52									+	
53									+	
54									+	
57									+	
59									+	
61									+	
66									+	
69									+	
71									+	
72									+	
73									+	
74									+	
75									+	
76									+	
77									+	

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
39.02-79									+	
85									+	
87									+	
88									+	
89									+	
91									+	
92									+	
94									+	
39.03-05									+	
07									+	
08									+	
12									+	
14									+	
15									+	
17									+	
21									+	
23									+	
25									+	
27									+	
29									+	
31									+	
33									+	
34									+	
36									+	
37									+	
43						+				
46									+	
47						+				
60									+	
40.02-30						+				
67						+				
40.11-10								-		
42.02-51			+							
91			-							
42.03-21								+		
25								+		
27			+					+		
28			+					+		
43.13-10						+				
44.15-20									+	
31									+	
39									+	
80									+	
44.18-11									+	
25									+	
29									+	
90									+	
44.23-71									+	
79									+	
48.01-06						+				
20						+				
30						+				
34						+				
60						+				
67								-		
78								+		
79						+				

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
48.01-80								-		
81								-		
83								+		
85								+		
87								+		
89								-		
90								+		
92								-		
94								+		
98								-		
99								-		
(**)										
48.05-21						+				
29						+				
64.01-11						+	+			
20						+	+			
31						+	+			
39							+			
80						+				
95						+				
99						+				
64.02-21		+							+	
29	-	+							+	
32	-	+							+	
34	-	+							+	
35	+	+	+						+	
38		+							+	
40	-	+							+	
41	-	+							+	
43		+							+	
45	-	+							+	
47	+	+	+						+	
49		+	+						+	
50	-	+				+			+	
52	+	+	+						+	
54		+	+						+	
56	-	+							+	
58	+	+	+						+	
59		+	+						+	
99		+				+				
65.01-10							+			
90							+			
65.03-11							+			
19							+			
30							+			
90							+			
65.05-19							+			
30							+			
90							+			
65.06-10							+			
30							+			
90							+			
68.01-00			+							
69.04-11						+				
69.06-90						+				

(**) For textiles, see pp. 43-49.

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
69.08-75			+							
85			+							
69.10-10						+				
69.11-10							+			
90							+			
69.12-10							+			
20							+			
31							+			
39							+			
90	+	(²)					+			
69.13-10							+			
20							+			
91							+			
93							+			
95							+			
70.04-11						+				
21						+				
29						+				
30						+				
91						+				
99						+				
70.05-10	+					+				
41						+				
50						+				
61	-					+				
63	-					+				
65	-					+				
69	-					+				
70.06-10						+				
20						+				
31						+				
35						+				
41						+				
45						+				
51						+				
59						+				
61						+				
65						+				
71						+				
75						+				
81						+				
89						+				
70.07-10						+				
90						-				
70.10-12	+	-								
21	+	+								
23	+	+								
25	+	+								
28	+	(²)	-							
31	+	+								
33	+	+								
35	+	+								
38	+	(²)	-							
41	-	-								
49	-	(²)	-							

Nimex code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
70.10-51	+	-								
59	+	+								
61	+	-								
69	+	-								
70.13-10	+								+	
20									-	
32	-		+						+	
34	-		+						+	
38	-		+						+	
42	-								-	
44	-								-	
48	-								-	
70.13-50	-								-	
62	-		+						+	
64	-		+						+	
68	-		+						+	
92	-								-	
94	-								-	
98	-								-	
73.02-20									+	
30			-							
57									+	
73.11-20									+	
31									+	
39									+	
43									+	
49									+	
73.12-25									+	
29									+	
30									+	
40									+	
59									+	
61									+	
63									+	
65									+	
75									+	
77									+	
81									+	
85									+	
87									+	
88									+	
89									+	
90									+	
73.13-62									+	
90									+	
95									+	
97									+	
73.14-01			+						+	
11									+	
13									+	
15									+	

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
73.14-19									+	
21			+						+	
41									+	
43									+	
45									+	
49									+	
81									+	
91									+	
99									+	
73.18-02	-								+	
03									+	
05									+	
13	+ (2)								+	
15									+	
21									+	
22									+	
23	+ (2)								+	
24	+								+	
26	+								+	
27	+ (2)								+	
28	+ (2)								+	
32	+								+	
34	+								+	
36	+								+	
38	+ (2)								+	
41	+								+	
42	+								+	
44									+	
46									+	
48	+ (2)								+	
54	+								+	
56	+ (2)								+	
58	+ (2)								+	
62	+								+	
64	+								+	
66									+	
67									+	
68						+			+	
72	+ (2)								+	
74	+ (2)								+	
76									+	
78									+	
82	+								+	
84	+								+	
86	-								+	
88	-								+	
97	-								+	
99									+	
73.20-33						+				
73.21-10						+				
20						+				
73.23-29			-							

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
73.25-01									+	
11									+	
21									+	
31									+	
35									+	
39									+	
51									+	
55									+	
59									+	
98									+	
6.02-16						+				
79.01-11	+									
15	+									
79.02-00						+				
82.01-10			+							
84.35-55						+				
84.41-17									+	
84.51-12									+	
13									+	
14									+	
18									+	
19									+	
20									+	
85.15-45							-			
46							+			
47							+			
48							+			
51							+			
58							-			
59							-			
87.01-13						+			+	
15									+	
71						+	(¹)			
79									+	
95									+	
97									+	
87.03-10										+
30										+
87.10-00		+					-			
87.12-20									-	
32									-	
34									-	
38									-	
40									-	
50									-	
55									-	
60									-	
70									-	
80									-	
91									-	
95									-	

Numeze code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
87.12-97									-	
99									-	
93.07-45	+ (2)									
49	+ (2)									
52						+				
94.01-45		+								
94.04-11					+					
19					-					
30					+					
55					+					
59					-					
61					+					
91					-					
99					-					
96.01-30		+								
98		+								
97.04-10	+ (2)									
97.05-51			+							

QUANTITATIVE RESTRICTIONS IN THE TEXTILES SECTOR SUBJECT TO AUTONOMOUS IMPORT ARRANGEMENTS

Nimex code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
cat. 7										
61.02-85	-		-		-	-	-			
cat. 8										
61.03-18	-		-		-	-	-			
cat. 10										
60.02-40							-			
80				-	-		- ⁽³⁾			
cat. 12										
60.03-80	-		-	-	-	-	-			
60.04-34	-		-	-	-		-			
60.06-92	-	-			-		-	-		
cat. 14										
61.01-07	-				-	-	-			
cat. 15										
61.02-05			-		-		-			
cat. 18										
61.01-26	-				-		-			
61.02-24			-		-		-			
61.03-59			-		-		-			
89	-		-		-		-			
61.04-18	-				-	-	-			
98	-				-		-			
cat. 19										
61.05-99			-	-	-		-			
cat. 20										
62.02-19	-		-	-	-		-			
cat. 21										
61.01-32	-			-	-	-	-			
61.02-28		-			-		-			
cat. 27										
60.05-58	-				-	-	-			
cat. 28										
60.05-65	-		-		-		-			
cat. 31										
61.09-50			-		-		-			
cat. 38 B										
62.02-09					-	-	-			
cat. 39										
62.02-65	-		-	-	-	-	-			
77	-		-	-	-	-	-			
cat. 40										
62.02-89					-					
cat. 59										
58.02-04				-						
09				-						

Nimexe code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
cat. 61										
58.05-30			-				-			
40			-				-			
79			-				-			
90			-				-			
59.13-19							-			
39							-			
cat. 62										
58.06-10							-			
90							-			
58.07-31							-			
39							-			
50							-			
80							-			
58.08-10							-			
90							-			
58.09-19							-			
21							-			
39							-			
99							-			
58.10-21							-			
29							-			
49							-			
59							-			
cat. 66										
62.01-10	-				-		-			
cat. 67										
60.05-94	-				-		-			
99	-				-		-			
60.06-98	-	-			-		-	-		
cat. 72										
60.05-15					-					
60.06-91	-	-		-	-		-	-		
61.01-23	-				-		-			
61.02-18					-		-			
cat. 73										
60.05-19	-		-		-		-			
cat. 75										
60.05-68	-		-		-		-			
cat. 76										
61.01-15	-		-		-		-			
19	-		-		-		-			
61.02-14					-					
cat. 78										
61.01-09	-			-	-	-	-			
61.02-07			-		-		-			
cat. 83										
60.05-04	-		-		-					
cat. 85										
61.07-96					-					

Nimex code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
cat. 86										
61.09-20					-		-			
30					-		-			
40					-		-			
80					-		-			
cat. 87										
61.10-10					-		- ⁽³⁾			
cat. 88										
61.10-90					-					
61.11-90					-					
cat. 91										
62.04-73	-	-			-		-			
cat. 93										
62.03-30					-					
98					-					
cat. 100										
59.08-10		-					-			
51		-					-			
61		-					-			
71		-					-			
79		-					-			
cat. 109										
62.04-69					-		-	-		
cat. 111										
62.04-79					-		-			
cat. 112										
62.05-01					-		-			
10					-		-			
30					-		-			
93					-		-			
95					-		-			
99					-		-			
cat. 113										
62.05-20					-		-	-		
cat. 123										
58.04-80					-		-			

**DISCRIMINATORY QUANTITATIVE RESTRICTIONS IN THE TEXTILES SECTOR SUBJECT TO
AUTONOMOUS IMPORT ARRANGEMENTS**

(Categories 124 to 162)

Nimex code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
ex cat. 124										
56.01-11	+ (2)									
13	+ (2)									
15	+ (2)									
16	+ (2)									
17	+ (2)									
18	+ (2)									
56.02-11	+ (2)									
13	+ (2)									
15	+ (2)									
19	+ (2)									
cat. 125 A										
51.01-15					+					
17					+					
19					+					
32					+					
34					+					
38					+					
cat. 126										
56.03-21						+				
29										
cat. 127 A										
51.01-65						+				
74						+				
75						+				
cat. 130 A										
50.04-10									+	
90									+	
50.07-10									+	
ex cat. 130 B										
50.05-10									+	
90									+	
99									+	
50.07-90									+	
cat. 137										
58.04-05							+			
ex cat. 138										
57.11-10						+				
cat. 141										
62.01-99					+					
cat. 145 A										
59.04-23		+					+			
cat. 145 B										
59.04-50		+					+			
cat. 146 A										
59.04-31		+								
cat. 146 C										
59.04-70							+			

Nimex code 1987	BNL	DK	D	F	IRL	I	UK	GR	E	P
cat. 148 A										
57.06-11					+					
15					+					
30					+					
cat. 150 A										
57.10-29						+				
ex cat. 154										
50.02-00									+	
cat. 156										
60.05-21					+					
38					+					
cat. 157										
60.04-09					+					
16					+					
29					+					
90					+					
cat. 158										
60.05-27					+					
28					+					
35					+					
36					+					
44					+					
45					+					
50					+					
74					+					
79					+					
81					+					
83					+					
85					+					
90					+					
cat. 159										
61.02-47					+					
76					+					
61.06-10					+					
61.07-10					+					
cat. 161										
61.01-38					+					
48					+					
58					+					
68					+					
78					+					
88					+					
99					+					
61.02-34					+		+			
41					+		+			
45					+		+			
55					+		+			
64					+		+			
74					+		+			
83					+	+	+			
89					+		+			
99					+		+			
61.03-16					+		+			

(¹) For the headings indicated, Italy applies the open licensing system.

(²) The Benelux authorities have already undertaken to liberalize imports under the headings indicated by 31 December 1994 at the latest.

(³) Other than of linen.

**DESCRIPTION OF THE GOODS COVERED BY PARTIAL QUANTITATIVE RESTRICTIONS (-)
LISTED IN ANNEX III**

Nimexe code 1987	Member State	Exact description of goods
ex 07.01-31	United Kingdom	Cabbage lettuce, from 1 January to 15 June and from 15 November to 31 December
36	United Kingdom	From 15 November to 15 June
45	United Kingdom	Beans (of the species <i>Phaseolus</i>), from 1 to 30 June
ex 11.05-00	United Kingdom	Flour and meal for human consumption
ex 20.02-99	United Kingdom	Potatoes prepared or preserved other than by vinegar or acetic acid
ex 28.30-79	Italy	Of lithium
ex 29.01-11	Italy	Unsaturated
99	Italy	Burylyxylol for the manufacture of musc, xylene and divinylbenzol
ex 29.02-21	Italy	Chloromethane
40	Italy	Excluding ethylene dibromide
ex 29.04-18	Spain Italy	Excluding isobutylic alcohol
ex 29.23-90	Italy	4-Aminosalicylic acid and its salts and esters
ex 29.30-00	Italy	Isocyanates
ex 40.11-10	Greece	Of types used for cars, lorries, buses and agricultural tractors
ex 42.02-91	Germany	Of leather, other than spectacle cases
ex 48.01-67	Greece	Webs of cellulose fibres
80, 81	Greece	Excluding paper for stencil duplicating machines
89	Greece	Strawpaper
92	Greece	Paperboard
98, 99	Greece	Excluding press board (press-span)
ex 64.02-29, 32, 34, 40, 41, 45, 50, 56	Benelux	For men and boys
ex 70.05-61 to 67	Benelux	Excluding glass for slides (other than glass for polishing) listed in Annex II
ex 70.10-12	Denmark	Bulbs containing from 2,5 to 25 litres
28	Denmark	Bulbs containing less than 0,15 litre
38, 41, 49	Denmark	Jars, pots and similar containers
51	Denmark	Bulbs containing from 0,055 litre to 2,5 litres Bottles containing from 0,15 litre to 2,5 litres
61, 69	Denmark	Bulbs containing less than 2,5 litres Bottles containing from 0,15 litre to 2,5 litres
ex 70.10-41, 49	Benelux	Of blown or pressed glass

Nimexe code 1987	Member State	Exact description of goods
ex 70.13-32 to 98 20, 42 to 50, 92 to 98	Benelux Spain	Of blown or pressed glass, excluding feeding-bottles for infants and aquariums
ex 73.02-30	Germany	Ferro-silicon containing more than 60 % but not more than 80 % of silicon
ex 73.18-02, 86 to 97	Benelux	Excluding those of alloy steel
ex 73.23-29	Germany	Uniform cans containing 20 litres
ex 85.15-45, 58, 59	United Kingdom	Excluding monochrome receivers listed in Annex I
ex 94.04-19, 59, 91, 99	Ireland	Mattresses, other than of rubber, quilts and eiderdowns; cushions, other than of expanded rubber

Textiles: the partial restrictions on all headings covered by textile categories 7 to 123 concern products other than those of fibres covered by the Multifibre Arrangement.

ANNEX IV

1. From 1 January 1990 customs duties or levies on imports into the Community of the agricultural products originating in Poland which are listed below shall be reduced to the level indicated for each of them:

Nimexe code	Description	Duty or levy applicable
01.01-15	Horses for slaughter	2,5 %
02.02-08	Ducks, plucked and drawn, known as '63% ducks'	10 % levy reduction for a quota of 1 500 tonnes
02.02-14	Geese, plucked and drawn, known as '75% geese'	20 % levy reduction
02.02-51	Boned or boneless cuts of geese, excluding offals	20 % levy reduction
02.02-71	Unboned breasts and cuts of breasts of geese	20 % levy reduction
02.02-81	Unboned legs and cuts of legs of geese	20 % levy reduction
07.01-85	Chanterelles	2,5 %
08.10-11	Strawberries, preserved by freezing, not containing added sugar	15 %
16.01-98	Sausages, dry or for spreading, cooked, other than liver sausage	10 % levy reduction
16.02-39	Other preparations of meat and offal of domestic swine, with any fats, containing 80 % or more of meat other than ham, loins, collars, shoulders or bovine meat	10 % levy reduction

ANNEX V

2. From 1 January 1990 customs duties on imports into Poland of the agricultural products originating in the Community which are listed below shall be reduced to the level indicated for each of them:

Nimexe code	Description	Duty or levy applicable
04.04-83	Danbo, Edam, Fontal, Fontina, Fynbo, Gouda, Havarti, Maribo, Samsoe, not grated or powdered	10%
08.02-16	Fresh sanguines and semi-sanguines	0%
08.02-17	Fresh Navels, Navelines, Navelates, Salustianas, Vernas, Valencia lates, Maltese, Shamoutis, Ovalis, Trovita and Hamlins, except sanguines and semi-sanguines	0%
09.01-15	Coffee, roasted, not freed of caffeine	5%
15.07-73	Crude soya bean oil, either solid in immediate packings of a net capacity of more than 1 kg or fluid, for foodstuffs	3%
15.11-10	Crude glycerol and glycerol lyes	6%
15.11-90	Pure glycerol, including synthetic glycerol	6%
19.02	Preparations of a kind used as infant food	5%
20.07-44	Orange juice of a density of 1,33 g/cm ³ or less at 20 °C	8%
22.06-11	Vermouths, and other wines of fresh grapes flavoured with aromatic extracts	10%
22.08-30	Ethyl alcohol or neutral spirits, undenatured, of an alcoholic strength of 80% vol or higher	60%
22.09-66	Whisky, other than Bourbon whiskey, in containers holding two litres or less	60%

ANNEX VI

relating to Article 16 of the Agreement

The favourable business regulations, facilities and practices for Community firms in Poland referred to in Article 16 shall include measures aimed at:

1. ensuring non-discriminatory treatment as regards:
 - the application of the import licensing system and the allocation of the currency needed to pay for such imports,
 - facilitating the activities of Community firms in Poland, with particular reference to the establishment of representatives, installation, communications, and the taking-on and management of locally recruited staff,
 - facilitating Community exporters' trade promotion activities,
 - the award of contracts for the supply of goods or services following an international invitation to tender;
 2. ensuring trade practices which are compatible with the efficient conduct of international business relations and, in this respect, not encouraging countertrade transactions or, where such transactions cannot be avoided, providing all relevant information on the conditions and rules applying to such transactions;
 3. ensuring that international undertakings relating to intellectual property are complied with.
-

AGREEMENT

in the form of an Exchange of Letters between the European Economic Community and the Polish People's Republic concerning *Testausschreibung*

A. *Letter from the Community*

Brussels,

Sir,

Since the beginning of 1980 a new import scheme aimed at subsequent further liberalization (*Testausschreibung*) has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The *Testausschreibung* is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the *Testausschreibung*, the particular importance which Poland attaches to the expansion of economic relations and Poland's contractual relations with the Community will be taken into consideration.

If, in particular instances, as a result of Polish exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, Poland will be informed to this effect immediately and prior consultation may take place if Poland so requests.

I should be obliged if you would confirm that your Government is in agreement with the above.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council
of the European Communities*

B. Letter from Poland

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'Since the beginning of 1980 a new import scheme aimed at subsequent further liberalization (*Testausschreibung*) has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The *Testausschreibung* is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the *Testausschreibung*, the particular importance which Poland attaches to the expansion of economic relations and Poland's contractual relations with the Community will be taken into consideration.

If, in particular instances, as a result of Polish exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, Poland will be informed to this effect immediately and prior consultation may take place if Poland so requests.

I should be obliged if you would confirm that your Government is in agreement with the above.'

I have the honour to confirm that my Government is in agreement with the contents of your letter.

Please accept, Sir, the assurance of my highest consideration.

*For the Government of
the Polish People's Republic*

Exchange of Letters concerning the combined nomenclature*A. Letter from the Community*

Sir,

1. In the negotiations which led to the signing of the Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation it was agreed that the identification and classification of the products covered by Annexes I to V to the Agreement should be based on the combined nomenclature derived from the Harmonized Commodity Description and Coding System.
2. The identification and classification contained in the initialled Annexes, being based on the nomenclature of the Common Customs Tariff and the nomenclature of goods for the external trade statistics of the Community and the statistics of trade between its Member States (Nimexe) as they existed on 31 December 1987, shall be modified by the Community in order to comply with the provisions of paragraph 1.
3. The modifications effected pursuant to paragraph 2 shall not lead to a significant change in the extent of the liberalization to be accorded pursuant to Articles 7 to 9.

I should be obliged if you would confirm your agreement with the terms of this letter.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council
of the European Communities*

B. Letter from Poland

Sir,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

1. In the negotiations which led to the signing of the Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation it was agreed that the identification and classification of the products covered by Annexes I to V to the Agreement should be based on the combined nomenclature derived from the Harmonized Commodity Description and Coding System.
2. The identification and classification contained in the initialled Annexes, being based on the nomenclature of the Common Customs Tariff and the nomenclature of goods for the external trade statistics of the Community and the statistics of trade between its Member States (Nimexe) as they existed on 31 December 1987, shall be modified by the Community in order to comply with the provisions of paragraph 1.
3. The modifications effected pursuant to paragraph 2 shall not lead to a significant change in the extent of the liberalization to be accorded pursuant to Articles 7 to 9.

I should be obliged if you would confirm your agreement with the terms of this letter.'

I have the honour to confirm that my Government is in agreement with the contents of your letter.

Please accept, Sir, the assurance of my highest consideration.

*For the Government
of the Polish People's Republic*

FINAL ACT

The plenipotentiaries of:

the Council of the European Communities,

of the one part, and

the Polish People's Republic,

of the other part,

meeting at Warsaw on 19 September 1989 for the purpose of signing the Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation,

have, on signing this Agreement,

— adopted the following joint declarations of the Contracting Parties:

1. Joint Declaration on Article 9
2. Joint Declaration on the Community arrangements applicable to imports of young male bovine animals intended for fattening originating in and coming from Poland

— taken note of the following declaration:

Declaration by Poland relating to the Protocol for the accession of Poland to the General Agreement on Tariffs and Trade (GATT).

The declarations listed above are annexed to this Final Act.

The plenipotentiaries have agreed that the declarations shall be subjected, in the same manner as the Agreement on trade and commercial and economic cooperation, to any procedures that may be necessary to ensure their validity.

Hecho en Varsovia, el diecinueve de septiembre de mil novecientos ochenta y nueve.

Udfærdiget i Warszawa, den nittende september nitten hundrede og niogfirs.

Geschehen zu Warschau am neunzehnten September neunzehnhundertneunundachtzig.

Έγινε στη Βαρσοβία, στις δέκα εννέα Σεπτεμβρίου χίλια εννιακόσια ογδόντα εννέα.

Done at Warsaw on the nineteenth day of September in the year one thousand nine hundred and eighty-nine.

Fait à Varsovie, le dix-neuf septembre mil neuf cent quatre-vingt-neuf.

Fatto a Varsavia, addì diciannove settembre millenovecentottantanove.

Gedaan te Warschau, de negentiende september negentienhonderd negenentachtig.

Feito em Varsóvia, em dezanove de Setembro de mil novecentos e oitenta e nove.

Sporządzono w Warszawie dnia dziewiętnastego września roku tysiąc dziewięćset osiemdziesiątego dziewiątego.

Por el Consejo de las Comunidades Europeas

For Rådet for De Europæiske Fællesskaber

Für den Rat der Europäischen Gemeinschaften

Για το Συμβούλιο των Ευρωπαϊκών Κοινοτήτων

For the Council of the European Communities

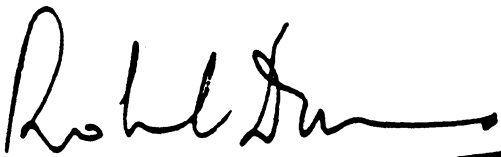
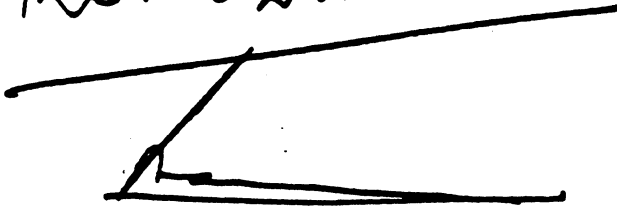
Pour le Conseil des Communautés européennes

Per il Consiglio delle Comunità europee

Voor de Raad van de Europese Gemeenschappen

Pelo Conselho das Comunidades Europeias

Za Radę Wspólnot Europejskich

Por la República Popular Polaca

For Folkerepublikken Polen

Für die Volksrepublik Polen

Για τη Λαϊκή Δημοκρατία της Πολωνίας

For the Polish People's Republic



Pour la République populaire de Pologne

Per la Repubblica popolare di Polonia

Voor de Volksrepubliek Polen

Pela República Popular da Polónia

Za Polską Rzeczpospolitą Ludową

Joint Declaration on Article 9

The Community and Poland agree that the obligation contained in Article 9 for the Community to open quotas for imports from Poland of the products referred to in the said Article in no way prejudices the volume of the said import quotas.

Joint Declaration on the Community arrangements applicable to imports of young male bovine animals intended for fattening originating in and coming from Poland

The Community and Poland agree that the suspension at 30% of the total levy shall apply to a maximum number of head of young male bovine animals intended for fattening to be fixed annually by the Council of the European Communities in accordance with Council Regulation (EEC) No 805/68 of 27 June 1968.

The Community and Poland agree in drawing up the estimate to follow the cooperation procedure set out below:

1. Commission staff will collect information supplied by the Community Member States on their respective needs as regards animals for fattening.
On the basis of this information and their own forecasts, they will make an overall estimate of Community needs.
2. This estimate will be communicated to the competent Polish authorities.
3. This will be followed as soon as possible by meetings between the competent Polish authorities and Commission staff. The objectives of these meetings will be as follows:
 - to exchange views on the whole situation of the beef market in the Community and the forecasts for production and consumption,
 - to enable both sides to analyse the data used to estimate Community needs in respect of live animals for fattening,
 - to exchange information on Poland's export opportunities.
4. Following these meetings, the Commission will produce a draft estimate for transmission to the Council taking into account all the elements arising during the discussions which can be quantified on as realistic a basis as possible.
The draft estimate given to the Council will be accompanied by a document reflecting the substances of the views expressed by the participants about Community needs and their export opportunities.
5. The estimate should be drawn up in such a way as to ensure regular supplies for the Community market and permit an increase in imports in proportion to any increase in Community needs, taking into account the foreseeable expansion of the market.

In the light of these considerations, it is expected that the annual level of imports of animals for fattening under the estimate will show a tendency to rise over a period of several years as Community needs increase.

Declaration by Poland relating to the Protocol for the accession of Poland to the General Agreement on Tariffs and Trade (GATT)

The Government of the Polish People's Republic wishes to renegotiate the Protocol for its accession to the GATT.

Poland's foreign trade system has been fundamentally changed as a result of the economic reform. The State's monopoly of foreign trade has been abolished, the allocation of currency is being decentralized and customs duties are now the main instrument for fixing the prices of imported goods.

In view of the far-reaching changes to the country's economic environment, the conditions of the Protocol for Poland's accession to the GATT no longer correspond to economic realities and it is essential that they should be changed.

Poland intends to replace its undertaking concerning the volume of imports with tariff concessions; this would place Poland in an analogous position to that of all the other members of the GATT and, moreover, would enable Poland to make its full contribution to the process of liberalizing world trade and to the Uruguay Round of multilateral trade negotiations.

The Government of Poland, recognizing the European Economic Community's major role within the GATT, hopes that the Community will be able to support Poland's request for this matter to be brought before the Contracting Parties to the GATT.

Information on the date of entry into force of the Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation

The instruments of notification of the completion of the procedures for the entry into force of the Agreement between the European Economic Community and the Polish People's Republic on trade and commercial and economic cooperation, signed in Warsaw on 19 September 1989, having been exchanged on 31 October 1989, the Agreement will enter into force on 1 December 1989, in accordance with Article 23 thereof.

COUNCIL REGULATION (EEC) No 3381/89

of 6 November 1989

liberalizing the specific quantitative restrictions with regard to Poland and Hungary and amending Regulation (EEC) No 3420/83 accordingly

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level ⁽¹⁾, as last amended by Regulation (EEC) No 2773/87 ⁽²⁾, applies to imports of products originating from, among other countries, Poland and Hungary;

Whereas Council Regulation (EEC) No 1765/82 of 30 June 1982 on common rules for imports from State-trading countries ⁽³⁾, as amended by Regulation (EEC) No 1243/86 ⁽⁴⁾, lays down that imports of the products covered by the Annex to that Regulation are not subject to any quantitative restriction;

Whereas the economic situation in Poland and Hungary has deteriorated with increasing rapidity over the last few years with the result that undertakings in those countries have become markedly less competitive; whereas, in response to this situation and the challenge it presents, the Council approved an action plan proposed by the Commission for coordinating aid from the Community and the Western countries to these two countries, one component of this plan being intended to provide help in modernizing their economic structures, notably by increasing exports;

Whereas, in order to attain this objective, it is crucial to remove as quickly as possible the quantitative restrictions which are referred to in Articles 3 (a) and 4 (a) respectively of the accession protocols of Poland and Hungary to GATT and to which the placing in free circulation within the Community of certain products originating in the countries concerned is subject; whereas, therefore, the restrictions should be removed from 1 January 1990;

Whereas, with the exception of products covered by Regulation (EEC) No 1765/82, the placing in free circulation within the Community of products originating in Poland and Hungary has hitherto fallen within the scope of Regulation (EEC) No 3420/83; whereas, from 1 January 1990, by the removal of the quantitative restrictions referred to above, the position of these two countries, as regards the existence of restrictions, will be aligned on that of the countries for which the placing of products in free circulation within the Community falls within the scope of Council Regulation (EEC) No 288/82 of 5 February 1982 on common rules for imports ⁽⁵⁾, as last amended by Regulation (EEC) No 3982/86 ⁽⁶⁾; whereas, however, with regard to the adoption of safeguard measures, it is appropriate, in accordance with Article 1 (2) of Regulation (EEC) No 3420/83, to observe the relevant provisions of the trade and cooperation agreements between the Community and Hungary ⁽⁷⁾ and between the Community and Poland ⁽⁸⁾, signed on 26 September 1988 and 19 September 1989 respectively,

HAS ADOPTED THIS REGULATION:

Article 1

The following sentence is added to Article 2 (1) of Regulation (EEC) No 3420/83:

'However, the only quantitative restrictions which the Member States may maintain with regard to Hungary and Poland are the restrictions on the products listed in Annex I to Regulation (EEC) No 288/82.'

Article 2

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

It shall apply from 1 January 1990.

⁽¹⁾ OJ No L 346, 8. 12. 1983, p. 6.

⁽²⁾ OJ No L 217, 6. 8. 1987, p. 1.

⁽³⁾ OJ No L 195, 5. 7. 1982, p. 1.

⁽⁴⁾ OJ No L 113, 30. 4. 1986, p. 1.

⁽⁵⁾ OJ No L 35, 9. 2. 1982, p. 1.

⁽⁶⁾ OJ No L 370, 30. 12. 1986, p. 29.

⁽⁷⁾ OJ No L 327, 30. 11. 1988, p. 2.

⁽⁸⁾ Not yet published in the Official Journal.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 6 November 1989.

For the Council
The President
R. DUMAS

I

(Acts whose publication is obligatory)

bl

COUNCIL REGULATION (EEC) No 3691/89

of 4 December 1989

suspending non-specific quantitative restrictions in respect of Poland and Hungary and amending Regulation (EEC) No 3420/83 accordingly

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level ⁽¹⁾, as last amended by Regulation (EEC) No 3381/89 ⁽²⁾, applies to imports of products originating in, *inter alia*, Poland and Hungary;

Whereas the economic situation in Poland and Hungary has deteriorated with increasing rapidity in recent years with the result that undertakings in those countries have become markedly less competitive; whereas, in response to this situation and the challenge it presents, the Council approved an action plan approved by the Commission for coordinating aid from the Community and the western countries to these two countries, one component of this plan being to help in modernizing their economic structures, notably by increasing their exports;

Whereas the Council's adoption of the abovementioned Regulation (EEC) No 3381/89 liberalizing specific quantitative restrictions with regard to these two countries contributed an import step towards this objective; whereas, however, the release for free circulation in the Community of a relatively large number of products continues to be subject to quantitative restrictions; whereas, to enable these two countries to become integrated more rapidly into the international economic circuit, these restrictions should be suspended from 1 January 1990 and remain so suspended for as long as this is necessary for their economic restructuring; whereas, at

present, suspension for a period of one year seems appropriate;

Whereas this liberalization measures must remain compatible with the economic situation in certain particularly sensitive sectors of Community production; whereas, if necessary, these restrictions should be susceptible to reintroduction, in accordance with the relevant procedures, in order to remedy any adverse situations which might arise in the Community;

Whereas, with regard to the Kingdom of Spain and the Portuguese Republic, taking into account the provisions of the Act of Accession (Articles 177 and 364), it is appropriate that the liberalization measures laid down in this Regulation should not be applied,

HAS ADOPTED THIS REGULATION:

Article 1

The following sentences are hereby added to Article 2 (1) of Regulation (EEC) No 3420/83:

'However, the application of these quantitative restrictions to the release for free circulation of products originating in Poland or Hungary shall be suspended in the Member States, with the exception of Spain and Portugal, for a period of one year. In the event of imports of one or other of these products causing or being liable to cause economic difficulties in the Community or in one of its regions, the relevant quantitative restriction may be reintroduced in accordance with the procedures laid down in Title IV.'

Article 2

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

(1) OJ No L 346, 8. 12. 1983, p. 6.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 4 December 1989.

For the Council

The President

M. DELEBARRE

ROMANIA

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English edition

Legislation

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- Agreement between the European Economic Community and the Socialist Republic of Romania on the establishment of the Joint Committee** 2
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1

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other Acts are printed in bold type and preceded by an asterisk.

I

Acts whose publication is obligatory

COUNCIL REGULATION (EEC) No 3338/80

of 16 December 1980

on the conclusion of the Agreement on the establishment of the Joint Committee and the Agreement on trade in industrial products between the European Economic Community and the Socialist Republic of Romania

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the recommendation from the Commission,

Whereas the Agreement on the establishment of the Joint Committee and the Agreement on trade in industrial products between the European Economic Community and the Socialist Republic of Romania should be approved,

HAS ADOPTED THIS REGULATION:

Article 1

The Agreement on the establishment of the Joint Committee and the Agreement on trade in industrial products between the European Economic Community and the Socialist Republic of Romania are hereby approved on behalf of the Community.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 December 1980.

For the Council

The President

Colette FISCH

The texts of the Agreements are annexed to this Regulation.

Article 2

The President of the Council shall give the notifications provided for in Article 5 of the Agreement on the establishment of the Joint Committee and in Article 13 of the Agreement on trade in industrial products (1).

Article 3

The Community shall be represented on the Joint Committee established by the first Agreement referred to in Article 1 by the Commission, assisted by representatives of the Member States.

Article 4

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

(1) The date of entry into force of the Agreements will be published in the *Official Journal of the European Communities* by the General Secretariat of the Council.

AGREEMENT

between the European Economic Community and the Socialist Republic of Romania on the establishment of the Joint Committee

THE COUNCIL OF THE EUROPEAN COMMUNITIES

and

THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF ROMANIA,

CONSIDERING the traditional trade relations between the Member States of the European Economic Community, hereinafter called 'the Community', and the Socialist Republic of Romania, hereinafter called 'Romania',

CONSIDERING the powers assigned to the Community under the Treaty establishing the European Economic Community,

DESIRING to develop trade relations on the basis of equality and mutual satisfaction of the partners and of reciprocity permitting as a whole, an equitable distribution of advantages and obligations of comparable scale, with respect for bilateral and multilateral agreements,

TAKING INTO ACCOUNT the Parties' respective levels of economic development and Romania's membership of the 'Group of — developing countries',

REAFFIRMING the importance which the Parties attach to the General Agreement on Tariffs and Trade; whereas, in compliance with the provisions of that Agreement and the Protocol of Accession of Romania thereto, they grant each other most-favoured-nation treatment,

WHEREAS there is an Agreement on trade in textile products between the Community and Romania;

WHEREAS an Arrangement on Romanian exports of iron and steel products covered by the Treaty establishing the European Coal and Steel Community has been concluded between the Community and Romania;

WHEREAS an Agreement on trade in other industrial products has been concluded between the Community and Romania,

WHEREAS the establishment of a framework, taking the form of a Joint Committee, will make it possible to hold periodic exchanges of views on various aspects of the Parties' economic relations and to examine measures aimed at ensuring the harmonious development of those relations;

RECOGNIZING the importance of the new direct link thus created by the establishment of a Joint Committee, which will provide a means of giving fresh impetus to economic and trade relations between the Community and Romania,

HAVE DECIDED to conclude this Agreement:

Article 1

1. A Joint Committee is hereby established, composed of representatives of the Community, on the one hand, and representatives of Romania, on the other.

The tasks of the Joint Committee shall be:

— to examine the various aspects of trade between the Parties, notably its overall pattern, rate of growth,

structure and diversification, the trade balance and the various forms of trade and trade promotion;

— to make recommendations on any trade problem of mutual concern;

— to seek appropriate means of avoiding possible difficulties in the fields of trade and to encourage various forms of commercial cooperation in areas of mutual interest;

- to consider measures likely to develop and diversify trade, notably by improving import opportunities in the Community and in Romania;
- to exchange information on structural guidelines laid down for the economies of the two Parties which have an impact on trade and, by extension on the scope for developing complementarity between the respective economies and also on the proposed economic development programmes;
- to see that the agreements and arrangements between the Parties function properly and to carry out the tasks assigned to it under those agreements or arrangements;
- to give sympathetic consideration to possible ways of improving conditions for the development of direct contacts between firms established in the Community and those established in Romania;
- to formulate and submit to the authorities of both Parties recommendations for solving any problems that arise, where appropriate by means of the conclusion of arrangements or agreements.

2. The Joint Committee shall meet at the highest possible level and shall adopt recommendations by mutual agreement between the Parties.

Article 2

Should the Parties consider it necessary, the Joint Committee may meet on an *ad hoc* basis in order to deal with special problems and hold the consultations provided for under the agreements between the Parties.

Article 3

The Joint Committee shall meet once a year in Brussels and Bucharest alternately. Special meetings may be

convened by mutual agreement, at the request of either Contracting Party. The office of Chairman of the Joint Committee shall be held alternately by each of the Contracting Parties.

Wherever possible, the agenda for meetings of the Joint Committee will be agreed beforehand.

Article 4

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of Romania.

Article 5

This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties notify each other that the legal procedures necessary for that purpose have been completed. The agreement shall be concluded for an unlimited period. Either Contracting Party may, denounce the agreement at any time however, by giving six months' notice.

This Agreement may be amended by mutual agreement between the Contracting Parties to take account of new developments.

Article 6

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Italian and Romanian languages, each of these texts being equally authentic.

Udfærdiget i Bukarest, den otteogtyvende juli nitten hundrede og firs.

Geschehen zu Bukarest am achtundzwanzigsten Juli neunzehnhundertachtzig.

Done at Bucharest on the twenty-eighth day of July in the year one thousand nine hundred and eighty.

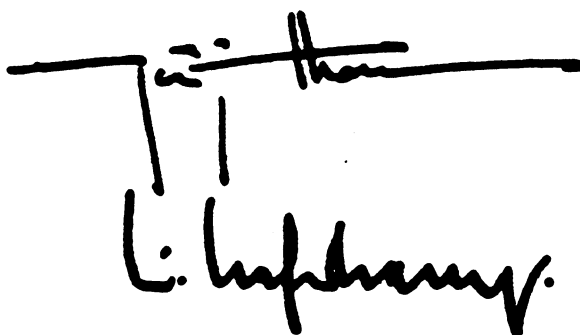
Fait à Bucarest, le vingt-huit juillet mil neuf cent quatre-vingt.

Fatto a Bucarest, addì ventotto luglio milnovecentottanta.

Gedaan te Boekarest, de achtentwintigste juli negentienhonderd tachtig.

Făcut la București, la douăzeci și opt iulie cinci mii nouă sute optzeci.

For the State for the Socialist Republic of Romania,
 Für den Staat der Sozialistischen Republik Rumänien,
 For the Council of the European Communities,
 Pour le Conseil des Communautés européennes,
 Per il Consiglio delle Comunità europee,
 Voor de Raad van de Europese Gemeenschappen,
 Pentru Consiliul Comunităților Europene,



A handwritten signature in black ink, appearing to read 'L. Lupșanu'. The signature is written in a cursive style and is positioned below a horizontal line that has been crossed out with a single stroke.

For Regeringen for Den socialistiske republik Rumænien,
 Für die Regierung der Sozialistischen Republik Rumänien,
 For the Government of the Socialist Republic of Romania,
 Pour le gouvernement de la république socialiste de Roumanie,
 Per il governo della Repubblica socialista di Romania,
 Voor de Regering van de Socialistische Republiek Roemenie,
 Pentru Guvernul Republicii Socialiste România,



A handwritten signature in black ink, appearing to read 'A. G. G. G.'. The signature is written in a cursive style and is positioned below the text block.

AGREEMENT

between the European Economic Community and the Socialist Republic of Romania on trade in industrial products

THE COUNCIL OF THE EUROPEAN COMMUNITIES

and

THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF ROMANIA,

RESOLVED to develop and diversify trade between the European Economic Community, hereinafter referred to as the Community, and the Socialist Republic of Romania, hereinafter referred to as Romania,

CONSCIOUS of the importance of industrial products in the expansion of trade,

DESIRING, therefore, to promote the harmonious development of trade in industrial products between the Community and Romania, having regard to their respective levels of economic development,

REAFFIRMING the commitment of the Community and Romania to the General Agreement on Tariffs and Trade, including the Protocol of Accession of Romania,

HAVE AGREED AS FOLLOWS:

Article 1

1. Subject to paragraph 2, this Agreement shall apply to trade in products originating in the Community or in Romania falling within Chapters 25 to 99 of the Customs Cooperation Council Nomenclature.

2. However, this Agreement shall not apply:

- to products covered by the Treaty establishing the European Coal and Steel Community;
- for the duration of the Agreement between the Community and Romania on trade in textile products initialled on 16 December 1977 and any successor agreement thereto, to textile products covered by those agreements;

to the products listed in the Annex to this Agreement.

3. Unless otherwise specified in this Agreement, trade between the Contracting Parties shall be conducted in compliance with their respective regulations.

Article 2

1. The Contracting Parties shall make every effort to promote and expand their trade in industrial products.

2. To that end, they confirm their resolve to implement this Agreement liberally, taking into account

the provisions of GATT and the Protocol of Accession of Romania, and will make every effort to facilitate trade between themselves in compliance with their respective regulations and to help establish a balance in that trade at the highest possible level.

3. In this spirit the Joint Committee established by the Agreement between the Community and Romania will attach special importance to examining ways of encouraging the reciprocal and harmonious expansion of trade.

Article 3

1. The Community will accord the highest possible degree of liberalization to imports of products originating in Romania. To this end it will make special efforts to ensure that, during the period of validity of this Agreement, substantial progress is made towards the gradual abolition of the restrictions referred to by Article 3.1.a of the Protocol of Accession of Romania to GATT.

2. Each year the Joint Committee will assess the progress made in applying paragraph 1 by reference to all relevant factors.

3. The Community undertakes not to introduce any new quantitative restrictions or measures having equivalent effect on imports of products covered by this

Agreement and to apply to Romania any general measures it may take in the future to remove quantitative restrictions on imports in respect of the member countries of GATT.

The Community will communicate to Romania the list of products which may be imported into the Community free of quantitative restrictions as from the entry into force of this Agreement.

Article 4

1. The Community undertakes to suspend quantitative restrictions on imports into certain of its regions of products which are of priority importance to Romanian exports.
2. The list of the products referred to in paragraph 1 and the detailed arrangements for implementing that paragraph are given in the Protocol annexed to this Agreement.

Article 5

1. For each calendar year, the Community shall open import quotas for products exported by Romania which are subject to quantitative restrictions.
2. The Community will notify Romania as speedily as possible of the quotas opened for 1981.
3. The two Parties will subsequently hold consultations each year in the Joint Committee to determine whether the quotas referred to in paragraph 2 should be increased for the following year.

Article 6

1. Imports into the Community of products covered by this Agreement shall not be charged against the quotas referred to in Article 5 provided that they are declared as being intended for re-export from the Community, either in the unaltered state or after inward processing, under the administrative control arrangements established for this purpose in the Community.
2. Re-imports into the Community of products covered by this Agreement obtained as a result of the processing in Romania of goods temporarily exported by the Community shall not be charged against the quotas referred to in Article 5 provided that they are declared as such under non-discriminatory control systems in force for this purpose in the Member States of the Community.

Article 7

The Romanian authorities undertake to ensure that goods are delivered at market-related prices or on terms which do not cause or threaten serious injury to producers of like or directly competing products at a comparable marketing stage.

Article 8

1. The Contracting Parties shall consult each other if any product is being imported in trade between the Community and Romania in such increased quantities or under such conditions as to cause or threaten serious injury to domestic producers of like or directly competing products.
2. The Contracting Party requesting the consultations will supply the other Party with all the information required for a detailed examination of the situation.

3. The consultations requested pursuant to paragraph 1 will be held with due regard for the fundamental aims of the Agreement and the general principles of international law and will be completed not later than 30 days from the date of notification of the request by the Party concerned, unless the Parties agree otherwise.

4. If as a result of these consultations it is acknowledged that the situation described in paragraph 1 exists, the Parties will take appropriate measures, on a regional basis if necessary, to prevent or put an end to the injury, including measures relating to the selling prices of the products exported where the injury is caused by prices which are abnormally far below the normal level of competition.

5. If the consultations end without the Contracting Parties reaching agreement on the measures to be taken, the Contracting Party which requested the consultations will be free to apply to imports of the products in question such measures as it considers necessary to prevent or put an end to the injury caused by the exports from the other Contracting Party.

In that event, the other Party will be entitled to waive its obligations towards the first Party in respect of substantially equivalent trade.

6. In exceptional cases, where any delay would cause damage which it would be difficult to repair, provisional measures to prevent or remedy the injury may be taken during the consultations or without prior consultation. In that event, if the consultations have not already begun, they will take place immediately after the measures in question have been taken.

7. The Contracting Parties agree to hold consultations to determine when the measures adopted pursuant to paragraphs 4, 5 and 6 shall cease to apply.

Article 9

1. Romania will expand and diversify its imports of products originating in the Community at least at the same rate as its purchases from the other contracting Parties to GATT.

Romania will expand and diversify its imports of products originating in the Community at a rate not smaller than that of its purchases from the other Contracting Parties to GATT.

2. In order to make Community economic operators more aware of the opportunities for exporting to Romania, the latter will supply the Community as speedily as possible with all relevant information, notably on annual economic development programmes and general or sectoral import programmes or targets.

3. The Joint Committee will assess each year, in the light of all relevant factors, progress made on expanding and diversifying Romania's imports of products originating in the Community.

The Joint Committee may recommend measures to promote further progress in this field.

Article 10

The two Contracting Parties undertake to promote visits by persons, groups and delegations involved in trade between the two Parties and to encourage and facilitate as far as possible the organization of fairs and exhibitions by each Party on the territory of the other Contracting Party.

Udtærdiget i Bukarest, den otteogtyvende juli nitten hundrede og tirs.

Geschehen zu Bukarest am achtundzwanzigsten Juli neunzehnhundertachtzig.

Done at Bucharest on the twenty-eighth day of July in the year one thousand nine hundred and eighty.

Fait à Bucarest, le vingt-huit juillet mil neuf cent quatre-vingt.

Fatto a Bucarest, addì ventotto luglio milnovecentottanta.

Gedaan te Boekarest, de achtentwintigste juli negentienhonderd tachtig.

Făcut în București, în douăzeci și opt zile luna iulie nouă sute optzeci.

Article 11

The Contracting Parties shall agree that payments for transactions shall be made, in accordance with their respective laws and regulations, in any convertible currency agreed by the two Parties concerned in the transaction.

Article 12

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of Romania.

Article 13

This Agreement shall enter into force on 1 January 1981, provided that the Contracting Parties have notified each other by that date that the legal procedures necessary to this end have been completed. The Agreement shall be concluded for a period of five years. The Agreement shall be automatically renewed year by year provided that neither Contracting Party gives the other Party written notice of denunciation of the Agreement six months before it expires.

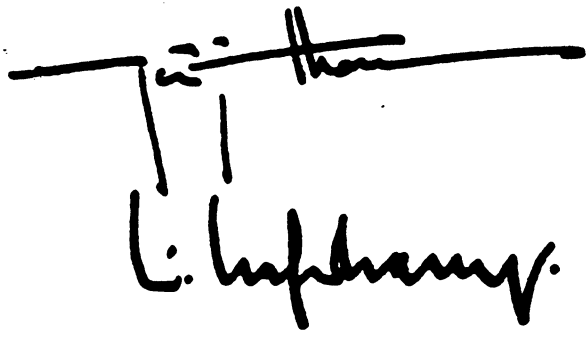
However, the two Contracting Parties may amend the Agreement by mutual consent in order to take account of new developments.

The Annex, the Protocol and the exchanges of letters attached to this Agreement shall form an integral part thereof.

Article 14

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Italian and Romanian languages, each text being equally authentic.

For the Council of the European Communities,
 Für die Räte der Europäischen Gemeinschaften,
 For the Council of the European Communities,
 Pour le Conseil des Communautés européennes,
 Per il Consiglio delle Comunità europee,
 Voor de Raad van de Europese Gemeenschappen,
 Pentru Consiliul Comunităților Europene,



A handwritten signature in black ink, appearing to read 'L. Infante', with a horizontal line above it and two vertical lines extending downwards from the signature to the text below.

For Regeringen for Den socialistiske republik Rumænien,
 Für die Regierung der Sozialistischen Republik Rumänien,
 For the Government of the Socialist Republic of Romania,
 Pour le gouvernement de la république socialiste de Roumanie,
 Per il governo della Repubblica socialista di Romania,
 Voor de Regering van de Socialistische Republiek Roemenië,
 Pentru Guvernul Republicii Socialiste România,



A handwritten signature in black ink, appearing to read 'G. Ionescu', written in a cursive style.

ANNEX

Products falling within Chapters 25 to 99 of the Cooperation Council Nomenclature which are not covered by the Agreement

29.04 C II, III	Mannitol, sorbitol
35.05	Dextrins, etc.
38.12 A	Prepared glazings
38.19 T	Sorbitol, other than that falling within subheading 29.04 C III
45.01	Cork
54.01	Flax
57.01	Hemp

EXCHANGE OF LETTERS No 1

**The Head of the Delegation
of the European Economic Community**

Sir,

As was pointed out to you in the negotiations which led to the signing of the Agreement between the Community and Romania on trade in industrial products, products within the province of the Treaty establishing the European Coal and Steel Community are or may be covered by separate arrangements.

I would be grateful for confirmation of your agreement with the terms of this letter.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council
of the European Communities*

**To the Head of the Delegation
of the Socialist Republic of Romania**

**The Head of the Delegation
of the Socialist Republic of Romania**

Sir,

I have the honour to acknowledge receipt of your letter of today, which reads as follows:

'As was pointed out to you in the negotiations which led to the signing of the Agreement between the Community and Romania on trade in industrial products, products within the province of the Treaty establishing the European Coal and Steel Community are or may be covered by separate arrangements.'

I would be grateful for confirmation of your agreement with the terms of this letter.'

I have the honour to confirm that I am in agreement with the terms of your letter.

Please accept, Sir, the assurance of my highest consideration.

*For the Government
of the Socialist Republic of Romania*

**To the Head of the Delegation
of the European Economic Community**

EXCHANGE OF LETTERS No 2

**The Head of the Delegation
of the European Economic Community**

Sir,

1. In the negotiations which led to the signing of the Agreement between the Community and Romania on trade in industrial products, the Romanian Delegation drew attention to Romania's special concern that the Community should undertake to abolish, for the duration of the Agreement, all the quantitative restrictions referred to in Article 3 of the Protocol of Accession of Romania to GATT.

Although the Community Delegation confirmed that the Community's ultimate aim is in accordance with the Romanian objective referred to above, it mentioned the various reasons why it cannot at this stage undertake to meet Romania's request.

2. For the purposes of implementing Article 3 (1) of the Agreement, the Romanian Delegation has submitted a list, given in Annex I, of products which are of priority importance for Romanian exports and are subject to quantitative restrictions which Romania considers should be abolished or suspended for the duration of the Agreement.
3. The Community, referring in this connection to its position as stated in paragraph 1 and to the obligation, deriving from the Protocol of Accession of Romania to GATT, and taking into account the abovementioned list, undertakes to abolish or suspend the quantitative restrictions on products listed in Annex II and to examine as a matter of priority in the Joint Committee the other products exported by Romania that are subject to specific quantitative restrictions, which should be abolished or suspended for the duration of the Agreement.

I would be grateful for confirmation of your agreement with the terms of this letter.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council
of the European Communities*

To the Head of the Delegation
of the Socialist Republic of Romania

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of the Socialist Republic of Romania

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I am pleased to acknowledge receipt of your letter of today which reads as follows:

1. In the negotiations which led to the signing of the Agreement between the Community and Romania on trade in industrial products, the Romanian Delegation drew attention to Romania's special concern that the Community should undertake to abolish, for the duration of the Agreement, all the quantitative restrictions referred to in Article 3 of the Protocol of Accession of Romania to GATT.

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I would be grateful for confirmation of your agreement with the terms of this letter.

I have the honour to confirm my agreement with the terms of your letter.

Please accept, Sir, the assurance of my highest consideration.

*For the Government of
the Socialist Republic of Romania*

To the Head of the Delegation
of the European Economic Community

ANNEX I

Exemption of Annex No. 3

Exemption No.	Description
28.35 A, ex III	Ammonium sulphate
28.45 B II	Phosphates, other than ammonium phosphates
28.47 B, ex II	Sodium dichromate, potassium dichromate
28.56 C	Calcium carbide
29.02 A II a) 1	Chloromethane, chloroethane
	Dichloromethane
	Carbon tetrachloride
a) ex 2	1,2-Dichloroethane
	Other
b)	Unsaturated chlorides
29.04 A III a) and ex b) V	Butanol or isomers thereof, except normal butyl alcohol
	Saturated monohydric alcohols, other
29.06 A I	Phenol and its salts
29.13 A ex I	Acetone
29.15 C ex III	Phthalates, etc.
ex 29.27	Acrylonitrile
29.44 A	Penicillins
B	Chloramphenicol
ex C.	Tetracyclines; other antibiotics
31.02 B	Urea
ex C	Mixture of ammonium and calcium nitrates
32.05 A	Synthetic organic dyestuffs
38.19 B	Naphthene acids
39.02 C. I to XIII	Polymerization products
40.02	Synthetic rubber latex, etc.
42.02 ex B	Travel guides
42.03 B	Gloves, including mittens and mitts
44.11	Fibre building board of wood, etc.
ex 44.13	Coniferous wood, planed, etc.
44.15	Plywood, etc.
44.18	Reconstituted wood, etc.
ex 44.24	Clothes-pegs
46.02 ex B	Coarse matting
ex 46.03	Basketwork
48.01 C	Kraft paper and kraft board
F	Paper and paperboard, other
64.02 A	Footwear
65.01	Hat-forms, etc.
69.13	Statuettes, etc.
70.04	Glass, cast, etc.
70.05	Glass, drawn, etc.
ex 70.10	Carboys, bottles, etc.

85.01	Tractors
85.02	Tractors
85.03	Tractors
85.04	Tractors
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85.89	Tractors
85.90	Tractors
85.91	Tractors
85.92	Tractors
85.93	Tractors
85.94	Tractors
85.95	Tractors
85.96	Tractors
85.97	Tractors
85.98	Tractors
85.99	Tractors
86.00	Tractors

ANNEX II

Annex II of Council Directive

The changes in the product appearing in lines (a), (b), (c) and (d) will be applied as from 1 January 1992.

IN SUBJECTS IN RESPECT OF WHICH QUANTITATIVE IMPORT RESTRICTIONS WILL BE APPLIED AT COMMUNITY LEVEL

ECF heading No	Number code :1979	Description
25.31		Felspar, etc.
27.12 A		Petroleum jelly
27.14 B		Petroleum coke
28.01 C		Bromine
28.47 B ex II	28.47-43	Potassium dichromate
29.01 A I		Acyelic hydrocarbons
D ex VI	29.01 ex 99	Butylstyrene used in the manufacture of mesh, styrene and divinylbenzene
29.03		Hydrocarbon derivatives
29.04 A III a and ex b	29.04-14 and 18	Butanal and isomers thereof, excluding normal butyl alcohol
29.11 A I		Formaldehyde methanal.
29.14 A ex I	29.14-12	Formic acid
29.22 A II, III, B I, II, C I, II, D II, IV, V, VI, VII, E I, II		Amine-function compounds
29.23 A II, D IV, V, F		Oxygen-function aminocompounds
29.30		Compounds with other nitrogen-functions
30.03 A I, II a		Medicaments
30.04		Wadding, gauze, bandages, etc.
32.07 A, I, V B, VI		Colouring matter
38.11 D		Disinfectants, insecticides
38.19 B		Naphthenic acids
ex 40.12		Hygienic and pharmaceutical articles
42.02 ex B	42.02 31 and 41	Travel goods, except suit-cases of whatever type, toiletry bags and handbags of leather or of imitation leather
44.23 B I		Builders' carpentry and joinery of fibre building board
46.02 ex B	46.02 10	Coarse matting for leather-graining
68.16 ex B	68.16 20	Articles of refractory materials
70.12 B		Finished liners for vacuum vessels
70.14 A		Articles for electrical lighting fittings
ex 71.16		Imitation jewellery, parts of glass
76.01 B		Aluminium waste and scrap
78.02		Wrought bars, rods, angles, shapes and sections, of lead

CCP heading No.	Number code (1979)	Description
78.03		Wrought sheet and strip, of lead
78.04		Lead foil
78.05		Tubes and pipes, etc., of lead
78.06		Other articles of lead
85.01 B		Transformers, etc.
C		Parts of generators and of transformers
90.05		Refracting telescopes (monocular and binocular)
90.08		Cinematographic cameras
97.02		Dolls
97.06 C		Apparatus, apparatus, accessories and requisites for gymnastics, outdoor games, etc.
ex 98.15	98.15-20 and 30	Vacuum flasks and other vacuum vessels

PRODUCTS IN RESPECT OF WHICH QUANTITATIVE IMPORT RESTRICTIONS WILL BE APPLIED AT REGIONAL LEVEL

Member state	CCP heading No.	NIMEX code 1979	Description		
Germany	28.38 A ex IV	28.38-47	Aluminium sulphate		
	ex 42.02	42.02-21 51 ex 81	Satchels and brief-cases and other containers of leather or of composition leather with the exception of spectacle cases		
	64.02 ex A	64.02-35 51	Sandals Other footwear of leather		
	73.02 ex C	73.02 ex 30	Ferro-silicon G. more than 80 % silicon content		
	E ex I	ex 51	Ferro-chromium containing, by weight, more than 0.5 and less than 4 % of carbon		
	ex G	83	Ferro-vanadium		
	ex 73.20	73.20-30	Tubes and pipe fittings of malleable cast iron		
Belgium	ex 92.05	92.05-10	Wind musical instruments, of metal		
	32.05 A		Synthetic organic dyestuffs		
	United Kingdom	85.15 A ex III	85.15 ex 24	Radiograms	
		Italy	29.02 A II a 2	29.02-25	Carbon tetrachloride
			29.06 A 1		Phenol and its salts
		29.35 ex Q	29.35-88 89	Furazolidone INN Ethoxyquinols; 5-nitro-2-furaldehyde semicarbazone nitrofurazone	
			91	Lactams	
			93	Piperazine (diethylenediamine) and 2,5-dimethylpiperazine 2,5-dimethyldiethylenediamine and their salts	
			94	Tetrahydrofuran	
			96	Coccarboxylase INN	
			97	Benzothiazole-2-thiol mercaptobenzothiazole derivatives other than salts	
		38.19 A		Fusel oil; Duppel's oil	
	II		Getters for vacuum tubes		
II		Non agglomerated mixtures of metal carbides			

Member State	CCP heading No	SIMEX code (1979)	Description
	L		Alkaline iron oxide for the purification of gas
	M		Carbonaceous paste for electrodes
	N		Accumulator compound based on calcium oxide or nickel hydroxide
	O		Carbon (other than that falling within subheading 38.01 A) in morphology or other compounds, in the form of small plates, bars or other semifabricates
	ex U	38.19-46	Preparations for electroplating
		72	Mixtures of glycerol mono-, di- and triacetates (emulsifiers for fats)
		84	Auxiliary products for foundries (other than those falling within item 38.19-37)
		86	Concrete ready to pour
		88	Mortars, non refractory, including mixtures of cement and sand

PRODUCTS IN RESPECT OF WHICH QUANTITATIVE IMPORT RESTRICTIONS WILL BE SUSPENDED AT REGIONAL LEVEL, IN ACCORDANCE WITH THE PROTOCOL ANNEXED TO THE AGREEMENT

Member State	CCP heading No	SIMEX code (1979)	Description
Ireland	94.04 ex A ex B	94.04-11 ex 19 and 30	Mattress supports, articles of bedding
Ireland	27.07 B ex II	27.07-30	Oils derived from the distillation of coal tar, but excluding benzole, toluole and xylene
	28.17 A		Sodium hydroxide
	28.46 ex B	28.46-91	Sodium perborates
	29.02 A I		Fluorides
	II a ex I b	29.02 ex 21	Chloromethane Unsaturated chlorides
	29.13 A ex I	29.13-11	Acetones
	29.15 A III	29.15-17	Maleic anhydride
	C I		Phthalic anhydride
	ex III	29.15 ex 65 and 71	Dibenzoyl, dimethyl and diethyl phthalates
	ex 29.27	29.27-10	Acrylonitrile
	ex 44.18	44.18-11 and 19	Wood made from wood shavings, sawdust, etc.
	48.01 C		Kraft paper and kraft board
	70.04		Unworked cast or rolled glass Unworked drawn or blown glass
	70.05		
	70.06		
	70.07		
	76.01 A		Unwrought aluminium
	76.02		Wrought bars, rods, angles, shapes and sections, of aluminium
	76.03		Wrought plates, sheets and strip of aluminium
	76.04		Aluminium foil
	ex 76.12	76.12-10 and ex 80	Cables, plated bands, etc. but excluding cordage, ropes, of aluminium

Member State	CCF heading No.	NIMEXE code (1979)	Description
United Kingdom	87.01		Tractors (other than those falling within heading No 87.07), whether or not fitted with power take-offs, winches or pulleys
	ex 84.08		Tractor engines, chassis, bodies, parts and accessories
	ex 87.06		
	ex 87.05		
	ex 87.06		
	76.01 A		Unwrought aluminium
	76.02		Wrought bars, rods, angles, shapes and sections
76.03		Wrought plates, sheets and strip	
76.04		Foil	
76.06		Tubes and pipes	

d PRODUCTS IN RESPECT OF WHICH QUANTITATIVE IMPORT RESTRICTIONS WILL BE SUSPENDED AT REGIONAL LEVEL

Member State	CCF heading No.	NIMEXE code (1979)	Description
France	76.01 A		Unwrought aluminium

e OTHER PRODUCTS

Member State	CCF heading No.	NIMEXE code (1979)	Description
Belgium	ex 44.11	44.11-10	Fibre building board of wood
	ex 44.24	44.24 ex 100	Clothes-pegs
Ireland	29.04 A ex V	29.04-22	2-Ethylhexan-1-ol
		24	Other octyl alcohols
		25	Other than dodecyl, stearyl and cetyl alcohols
United Kingdom	69.11		Statuettes and other ornaments and articles of personal adornment; articles of furniture

EXCHANGE OF LETTERS No 3

The Head of the Delegation of
the European Economic Community

Sir,

Since the beginning of 1980, a new import scheme aimed at subsequent liberalization ('Testausschreibung') has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme, whose application is currently limited to 1980, provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The 'Testausschreibung' is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the 'Testausschreibung', the particular importance which Romania attaches to the expansion of economic relations and Romania's contractual relations with the Community will be taken into consideration.

In the event that, in particular instances, as a result of Romanian exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, Romania will be informed to this effect immediately and prior consultation may take place if Romania so requests.

I would be grateful for confirmation of your agreement with the terms of this letter.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council of
the European Communities*

To the Head of the Delegation of
the Socialist Republic of Romania

The Head of the Delegation of
the Socialist Republic of Romania

Sir,

I have the honour to acknowledge receipt of your letter of today which reads as follows:

'Since the beginning of 1980, a new import scheme aimed at subsequent liberalization ('Testausschreibung') has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme, whose application is currently limited to 1980, provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The 'Testanschreibung' is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the 'Testanschreibung', the particular importance which Romania attaches to the expansion of economic relations and Romania's contractual relations with the Community will be taken into consideration.

In the event that, in particular instances, as a result of Romanian exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, Romania will be informed to this effect immediately and prior consultation may take place if Romania so requests.

I would be grateful for confirmation of your agreement with the terms of this letter.'

I have the honour to confirm that I am in agreement with the terms of your letter.

Please accept, Sir, the assurance of my highest consideration.

*For the Government of
the Socialist Republic of Romania*

To the Head of the Delegation of
the European Economic Community

PROTOCOL

on the application of Article 4 of the Agreement

TITLE I

Suspension of quantitative restrictions on imports into the Community and import control procedures

Article 1

Quantitative restrictions on importation of products originating in Romania included in Annex I attached hereto are hereby suspended in the regions of the Community indicated in the said Annex on the conditions set out below.

Article 2

1. Importation into the Community of the products referred to in Article 1 shall be subject to the presentation of an import authorization or document.

2. For each year of the lifetime of the Agreement the competent authorities in the Community shall within five working days of the presentation of an import application accompanied by the corresponding export licence issued by the Romanian authorities in accordance with Title II, automatically issue import authorizations or documents for such products up to the quantities specified for each product in Annex II.

3. Where the quantity in respect of which import authorizations or documents have been issued for a given product reaches the annual limit set for that product in Annex II or the unused portion of that limit is insufficient to cover the quantity specified in the export licence, the competent authorities in the Community shall suspend issue of import authorizations or documents for the excess amount.

In this event the Community shall immediately inform Romania, which may request the holding of consultations on the matter.

4. For the purposes of paragraphs 2 and 3 imports shall be set off against the limits set for the year in which shipment of the goods was actually effected in Romania, even if the export licence is issued after such shipment.

Article 3

This Protocol shall not apply to:

- imports of the products referred to in Article 1 where they are declared to be for re-export outside the Community in the same state or after processing under the administrative system of control set up for this purpose within the Community.

However, the release for home use of the products referred to above, in the same state or after processing, is subject to the provisions of Article 2;

- re-imports into the Community of the products referred to in Article 1 obtained by the processing in Romania of goods temporarily exported by the Community where they are declared as such re-imports under non-discriminatory systems of administrative control in force for that purpose in the Member States of the Community.

Article 4

The Joint Committee may examine any possible increase in the quantities specified in Annex II and the possibility of extending the import arrangements provided for in this Protocol to other products.

Amendments to Annexes I and II which are recommended by the Joint Committee shall be notified in an exchange of letters between the parties.

TITLE II

Procedure for the issue of export licences by Romania

Article 5

The competent authorities of Romania shall issue an export licence in respect of each consignment of products referred to in Annex I.

Article 6

1. The export licence shall conform to a standard model, as shown in Annex III.

2. The Community and Romania shall render each other mutual assistance for the purpose of verifying the authenticity and correctness of export licences.

Article 7

The competent authorities in the Community must be notified forthwith of the withdrawal or alteration of any export licence already issued.

Article 8

A single original of each export licence shall be made out. This document may also comprise additional copies duly indicated as such. It shall be made out in English or French. If it is completed by hand, entries must be in ink and in printscript.

The document shall measure 210 x 297 mm. The paper used must be white writing paper, sized, not containing mechanical pulp and weighing not less than 25 g/m². Each part shall have a printed guilloché-pattern background making any fabrication by mechanical or chemical means apparent to the eye.

Each document shall bear a serial number, whether or not printed, by which it can be identified.

Article 9

In the event of theft, loss or destruction of an export licence the exporter may apply to the competent authority which issued it for a duplicate to be made out on the basis of the export documents in his possession. The duplicate issued in this way must bear the endorsement 'duplicate'.

The duplicate must bear the date of the original licence.

Article 10

The competent authorities in Romania shall satisfy themselves that the goods exported correspond to the statements given in the export licence.

Article 11

Romania shall send the Commission of the European Communities the names and addresses of the authorities competent to issue licences, together with specimens of the stamps used by these authorities.

ANNEX I

Referred to in Article 1 of the Protocol

Member State	CIT heading No	NIMEXE code (1979)	Description
Ireland	94.04 ex A ex B	94.04-11 ex 19 and 30	Mattress supports, articles of bedding
Italy	27.07 B ex II	27.07-39	Oils derived from the distillation of coal tar, but excluding benzole, toluole and xylene
	28.17 A		Sodium hydroxide
	28.46 ex B	28.46-91	Sodium perborates
	29.02 A I IIa) ex I b)	29.02 ex 21	Fluorides (Chloromethane Unsaturated chloride)
	29.13 A ex I	29.13-11	Acetones
	29.15 A III C I ex III	29.15 29.15 ex 65 and 71	Maleic anhydride Phthalic anhydride Dinooctyl, dimethyl and diethyl phthalates
	ex 29.27	29.17-10	Acrylonitrile
	ex 44.18	44.18-11 and 19	Wood made from wood shavings, sawdust, etc.
	48.01 C		Kraft paper and kraft board
	70.04 } 70.05 } 70.06 } 70.07 }		Unworked cast or rolled glass Unworked drawn or blown glass
	76.01 A		Unwrought aluminium
	76.02		Wrought bars, rods, angles, shapes and sections, of aluminium
	76.03		Wrought plates, sheets and strip of aluminium
	76.04		Aluminium foil
	ex 76.12	76.12-10 and ex 90	Cables, plaited bands, etc. (but excluding cordage, ropes), of aluminium
	87.01		Tractors (other than those falling within Heading No 87.07), whether or not fitted with power take-offs, winches or pulleys
	ex 84.06 } ex 87.04 } ex 87.05 } ex 87.06 }		Tractor engines, chassis, boles parts and accessories
United Kingdom	76.01 A		Unwrought aluminium
	76.02		Wrought bars, rods, angles, shapes and sections
	76.03		Wrought plates, sheets and strip
	76.04		Foil
	76.06		Tubes and pipes

ANNEX II

Related to its Article 2, paragraph 2 of the Protocol

ROMANIAN EXPORT PROGRAMME

Member State	CCT heading No	NIMEX code 1979	Description	Amount
Ireland	94.04 ex A ex B	94.04-11 ex 19 and 30	Mattress supports, articles of bedding	5 tonnes
Italy	27.07 B ex II	27.07-39	Oils derived from the distillation of coal tar, but excluding benzole, toluole and xylene	Lit 200 million
	28.17 A		Sodium hydroxide	Lit 200 million
	28.46 ex B	28.46-91	Sodium perborates	Lit 200 million
	29.02 A I		Fluorides	Lit 200 million
	II a: ex I b.	29.02 ex 21	Chloromethane Unsaturated chlorides	Lit 400 million
	29.13 A ex I	29.13-11	Acetones	4 100 tonnes
	29.15 A III C I	29.15-17	Maleic anhydride Phthalic anhydride	Lit 200 million Lit 200 million
	ex III	29.15 ex 65 and 71	Dioctyl, dimethyl and diethyl phthalates	Lit 300 million
	ex 29.27	29.27-10	Acrylonitrile	Lit 200 million
	ex 44.18	44.18-11 and 19	Wood made from wood shavings, sawdust, etc.	Lit 800 million
	48.01 C		Kraft paper and kraft board	Lit 950 million
	70.04 70.06 70.08 70.10		Unworked cast or rolled glass Unworked drawn or blown glass	5 250 tonnes
	76.01 A		Unwrought aluminium	2 200 tonnes
	76.02		Wrought bars, rods, angles, shapes and sections, of aluminium	350 tonnes
	76.03		Wrought plates, sheets and strip of aluminium	1 300 tonnes
	76.04		Aluminium foil	100 tonnes
	ex 76.12	76.12-10 and ex 90	Cables, plated bands, etc. but excluding cordage, ropes, of aluminium	Lit 100 million
	87.01		Tractors other than those falling within Heading No 87.07, whether or not fitted with power take-offs, winches or pulleys	1 800 pieces
ex 84.06 ex 87.04 ex 87.06 ex 87.08		Tractor engines, chassis, bodies parts and accessories	Lit 1 milliard	
United Kingdom	76.01 A		Unwrought aluminium	1 000 tonnes
	76.02		Wrought bars, rods, angles, shapes and sections	250 tonnes
	76.03		Wrought plates, sheets and strip	250 tonnes
	76.04		Foil	250 tonnes
	76.06		Tubes and pipes	250 tonnes

	EXPORT LICENSE LICENCE D'EXPORTATION	
	6 Country of origin Pays d'origine	7 Country of destination Pays de destination
8 Type and date of license - Type of transport Catégorie et date d'attribution - Mode de transport	9 Supplementary data Données supplémentaires	

10 Marks and numbers - Number and kind of packages - DESCRIPTION OF GOODS Marques et numéros - Nombre et nature des colis - DÉSIGNATION DES MARCHANDISES	11 Quantity (t) Quantité (t)	12 FOB Value (t) Valeur FOB (t)

13 CERTIFICATION BY THE COMPETENT AUTHORITY - VISA DE L'AUTORITE COMPETENTE

I, the undersigned, certify that the goods described above are intended for export in the framework of the provisions regulating trade in industrial products with the European Economic Community.

Je soussigné certifie que les marchandises désignées ci-dessus sont destinées à être exportées dans le cadre des dispositions régissant les échanges de produits industriels avec la Communauté économique européenne.

14 Competent authority (name, full address, country)
Autorité compétente (nom, adresse complète, pays)

At - A _____ on - le _____

B-168 Signature (S) / (T) - Cachet.

(t) in the currency of the sale contract - Dans la monnaie du contrat de vente.

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SOVIET UNION

**COUNCIL REGULATION (EEC) No 3689/81
of 15 December 1981**

**on the conclusion of the Agreement in the form of an exchange of letters
between the European Economic Community and the Socialist Republic of
Romania amending certain Annexes to the Agreement on trade in industrial
products**

**THE COUNCIL OF THE EUROPEAN
COMMUNITIES,**

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas the Joint Committee established by the Agreement between the European Economic Community and the Socialist Republic of Romania of 28 July 1980 ⁽¹⁾ met in Brussels on 3 and 4 November 1981; whereas upon completion of its work it recommended that, among other measures, in the Annexes to the Protocol on the application of Article 4 of the Agreement between the European Economic Community and the Socialist Republic of Romania on trade in industrial products ⁽²⁾, the list of products should be extended and some of the amounts relating thereto should be increased;

Whereas the said Protocol provides that amendments to the Annexes thereto recommended by the Joint Committee should be notified by an exchange of letters between the parties;

Whereas, following the examination of the various aspects of the measures recommended by the Joint Committee, action should be taken thereon, account being taken of the relevant provisions of the Agreement on trade in industrial products;

Whereas the Joint Committee also proposed that new products should be inserted in Annex II (e) to exchange of letters No 2 attached to the said Agree-

ment; whereas, account being taken of Article 3 of the said Agreement, the measures in question should be adopted,

HAS ADOPTED THIS REGULATION:

Article 1

The Agreement in the form of an exchange of letters between the European Economic Community and the Socialist Republic of Romania amending certain Annexes to the Agreement on trade in industrial products is hereby approved on behalf of the Community.

The text of the Agreement in the form of an exchange of letters is attached to this Regulation.

Article 2

The President of the Council is hereby authorized to designate the person empowered to sign the Agreement in the form of an exchange of letters in order to bind the Community.

Article 3

The amendment of the Annexes referred to in Article 1 shall apply from 1 January 1982, provided that the Agreement in the form of an exchange of letters has entered into force by that date.

Article 4

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 15 December 1981.

For the Council

The President

D. HOWELL

⁽¹⁾ OJ No L 352, 29. 12. 1980, p. 2.

⁽²⁾ OJ No L 352, 29. 12. 1980, p. 5.

AGREEMENT

in the form of an exchange of letters between the European Economic Community and the Socialist Republic of Romania amending certain Annexes to the Agreement on trade in industrial products

Vice-President
of the Commission of the
European Communities

Sir,

At its meeting in Brussels on 3 and 4 November 1981, the Joint Committee established by the Agreement between the European Economic Community and the Socialist Republic of Romania of 28 July 1980 recommended that *inter alia* in Annexes I and II to the Protocol on the application of Article 4 of the Agreement between the European Economic Community and the Socialist Republic of Romania on trade in industrial products, the list of products should be extended and some of the amounts relating thereto should be increased.

The recommended amendments are set out in Annex I and Annex II hereto. It was also proposed, within the Joint Committee, that new products be inserted in Annex II (e) to the exchange of letters No 2 attached to the Agreement on trade in industrial products. These products are listed in Annex III attached hereto.

I have the honour to inform you that the Council of the European Communities has stated its agreement on the implementation of these measures from 1 January 1982.

I should be grateful for confirmation of your Government's agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council
of the European Communities*

To Mr C. Burtica
Deputy Prime Minister
and Minister for Foreign Trade and
International Economic Cooperation
of the Socialist Republic of Romania

The Deputy Prime Minister
and Minister for Foreign Trade and
International Cooperation of the
Socialist Republic of Romania

Sir,

By letter of, you informed me as follows:

'At its meeting in Brussels on 3 and 4 November 1981, the Joint Committee established by the Agreement between the European Economic Community and the Socialist Republic of Romania of 28 July 1980 recommended that *inter alia* in Annexes I and II to the Protocol on the application of Article 4 of the Agreement between the European Economic Community and the Socialist Republic of Romania on trade in industrial products, the list of products should be extended and some of the amounts relating thereto should be increased.

The recommended amendments are set out in Annex I and Annex II hereto. It was also proposed, within the Joint Committee, that new products be inserted in Annex II (e) to the exchange of letters No 2 attached to the Agreement on trade in industrial products. These products are listed in Annex III attached hereto.

I have the honour to inform you that the Council of the European Communities has stated its agreement on the implementation of these measures from 1 January 1982.

I should be grateful for confirmation of your Government's agreement with the contents of this letter.'

I have the honour to confirm that my Government is in agreement with the contents of this letter.

Please accept, Sir, the assurance of my highest consideration.

*For the Government
of the Socialist Republic of Romania*

To the Vice-President
of the Commission of the European Communities

ANNEX I**PRODUCTS TO BE INSERTED IN ANNEX I OF THE PROTOCOL ON THE APPLICATION OF ARTICLE 4 OF THE AGREEMENT ON TRADE IN INDUSTRIAL PRODUCTS**

Member State	CCT heading No	NBS/EEC code (1988)	Description
United Kingdom	69.13		Statuettes and other ornaments and articles of personal adornment ; articles of furniture

ANNEX II

AMENDMENT OF ANNEX II TO THE PROTOCOL ON THE APPLICATION OF
ARTICLE 4 OF THE AGREEMENT ON TRADE IN INDUSTRIAL PRODUCTS

ROMANIAN EXPORT PROGRAMME

Member State	CCT heading No	NIMEXE code (1979)	Description	Amount
Ireland	94.04 ex A ex B	94.04-11 ex 19 and 30	Mattress supports, articles of bedding	Eight tonnes
Italy	27.07 B ex II	27.07-3	Oils derived from the distillation of coal tar, but excluding benzole, toluole and xylene	Lit 200 million
	28.17 A		Sodium hydrosulfide	Lit 200 million
	28.46 ex B	28.46-91	Sodium perborates	360 tonnes
	29.02 A I		Fluorides	14 tonnes
	II a) ex I b)	29.02 ex 21	Chloromethane Unsaturated chlorides	Lit 400 million
	29.13 A ex I	29.13-11	Acetones	4 100 tonnes
	29.15 A III	29.15-17	Malic anhydride	250 tonnes
	CI		Phthalic anhydride	310 tonnes
	ex III	29.15 ex 65 and 71	Dioctyl, dimethyl and diethyl phthalates	Lit 300 million
	ex 29.27	29.27-10	Acrylonitrile	300 tonnes
	ex 44.18	44.18-11 and 19	Wool made from wood shavings, sawdust, etc.	9 000 tonnes
	48.01 C		Kraft paper and kraft board	3 500 tonnes
	70.04 } 70.05 } 70.06 } 70.07 }		Unworked cast or rolled glass Unworked drawn or blown glass	6 000 tonnes
	76.01 A		Unwrought aluminium	2 200 tonnes
	76.02		Wrought bars, rods, angles, shapes and sections, of aluminium	350 tonnes
	76.03		Wrought plates, sheets and strip of aluminium	1 300 tonnes
	76.04		Aluminium foil	100 tonnes
	ex 76.12	76.12-10 and ex 90	Cables, plated bands, etc. (but excluding cordage, ropes), of aluminium	Lit 100 million
	87.01		Tractors (other than those falling within Heading No 87.07), whether or not fitted with power take-off, winches or pulleys	1 800 pieces
	ex 84.06 } ex 87.04 } ex 87.05 } ex 87.06 }		Tractor engines, chassis, bodies parts and accessories	Lit 2 milliard
United Kingdom	69.13		Sarcophagi and other ornaments, and articles of personal adornment; articles of furniture	£ 300 000
	76.01 A		Unwrought aluminium	1 000 tonnes
	76.02		Wrought bars, rods, angles, shapes and sections	250 tonnes
	76.03		Wrought plates, sheets and strip	250 tonnes
	76.04		Foil	250 tonnes
	76.06		Tubes and pipes	250 tonnes

ANNEX III

**PRODUCTS TO BE INSERTED IN ANNEX II (e) OF THE EXCHANGE OF LETTERS
NO 2 ATTACHED TO THE AGREEMENT ON TRADE IN INDUSTRIAL PRODUCTS**

**Quantitative restrictions on imports into Greece which will be eliminated or suspended
during the period of application of the Agreement**

CCT heading No	NIMEXE code (1988)	Description
ex 40.10	40.10 ex 10 ex 90	Conveyor or elevator belts or belting, and other transmission belts or belting, except articulated
40.11 ex A	40.11 ex 10	Rubber tyres or tyre treads
48.01 ex F	48.01.49 61 66 69 71 73 75 77 82 ex 84 88 93 97	Various types of paper and paperboard
69.04	69.04.00	
73.40 ex B	73.40.61	Balls and other solid shapes, for use in grinding and crushing mills

**AGREEMENT
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND
THE EUROPEAN ATOMIC ENERGY COMMUNITY AND
THE UNION OF SOVIET SOCIALIST REPUBLICS ON
TRADE AND COMMERCIAL AND ECONOMIC CO-OPERATION**

CEE/SU/en 1

THE EUROPEAN ECONOMIC COMMUNITY, and

THE EUROPEAN ATOMIC ENERGY COMMUNITY,

hereinafter together called "the Community", of the one part, and

THE UNION OF SOVIET SOCIALIST REPUBLICS,

hereinafter called "the USSR", of the other part,

RECOGNIZING that the Community and the USSR desire to establish direct contractual relations with one another which will permit further development at a later stage,

CONSIDERING that the development of relations between the Contracting Parties will complement and extend bilateral relations between the Community's Member States and the USSR,

HAVING REGARD to the importance of giving full effect to the Final Act of the Conference on Security and Co-operation in Europe and the Concluding Documents of subsequent meetings of the CSCE Participating States,

DESIROUS of creating favourable conditions for the harmonious development and diversification of trade and the promotion of commercial and economic co-operation in areas of mutual interest on the basis of equality, mutual benefit and reciprocity,

BELIEVING that the volume and structure of trade between the Contracting Parties do not correspond to the potential represented by their current levels of economic development and their future prospects,

CEN/SU/en 2

TAKING INTO ACCOUNT the favourable implications for trade and economic relations between the Contracting Parties of the economic restructuring under way in the USSR,

RECALLING the Joint Declaration on the establishment of official relations between the Council for Mutual Economic Assistance and the European Economic Community,

HAVE DECIDED to conclude an Agreement on trade and commercial and economic co-operation between the European Economic Community and the European Atomic Energy Community, of the one part, and the Union of Soviet Socialist Republics, of the other part, and to this end have designated as their Plenipotentiaries:

THE EUROPEAN ECONOMIC COMMUNITY:

THE EUROPEAN ATOMIC ENERGY COMMUNITY:

THE UNION OF SOVIET SOCIALIST REPUBLICS:

WHO, having exchanged their full powers, found in good and due form,

CEE/SU/en 3

HAVE AGREED AS FOLLOWS:

TITLE I

GENERAL

ARTICLE 1

Within the framework of their respective laws and regulations, the Contracting Parties shall use their best endeavours to facilitate and promote

- the harmonious development and diversification of their trade, and
- the development of various types of commercial and economic co-operation.

To that end, they confirm their resolve to consider favourably, each for its own part, suggestions made by the other Party with a view to attaining these objectives.

CEE/SU/n 4

TITLE II

TRADE AND COMMERCIAL CO-OPERATION

ARTICLE 2

1. This Agreement shall apply to trade in all goods originating in the Community or in the USSR, with the exception of the products covered by the Treaty establishing the European Coal and Steel Community.

2. This Agreement shall not affect the provisions of the Agreement between the European Economic Community and the USSR on trade in textile products initialled on 11 December 1989 and applied provisionally as from 1 January 1990, nor the provisions of any exchange of letters, any other arrangements concluded in connection therewith and any agreements on trade in textile products subsequently concluded, for the period of application of these provisions.

ARTICLE 3

1. The Contracting Parties shall accord to one another most-favoured-nation treatment in all areas in respect of:

- customs duties and charges applied to imports and exports, including the method of collecting such duties and charges;
- provisions relating to customs clearance, transit, warehouses and transshipment;
- taxes and other internal charges of any kind applied directly or indirectly to imported goods;

CEE/SU/en 5

- methods of payment and the transfer of such payments;

- the rules relating to the sale, purchase, transport, distribution and use of goods on the domestic market.

2. The provisions of paragraph 1 shall not apply to:

(a) advantages granted with the aim of creating a customs union or a free-trade area or pursuant to the creation of such a union or area;

(b) advantages granted to particular countries in accordance with the General Agreement on Tariffs and Trade and with other international arrangements in favour of developing countries;

(c) advantages granted to neighbouring countries to facilitate frontier-zone trade.

ARTICLE 4

The Contracting Parties undertake to allow relief from duties, taxes and other charges, and to grant licences in respect of goods temporarily remaining in their territories for re-exportation either in the unaltered state or after inward processing.

ARTICLE 5

The USSR shall grant imports of products originating in the Community non-discriminatory treatment as regards the application of quantitative restrictions, the granting of licences and the allocation of the currency needed to pay for such imports.

CEE/SU/en 6

ARTICLE 6

Unless otherwise specified in this Agreement, trade and other commercial co-operation between the Contracting Parties shall be conducted in accordance with their respective regulations.

ARTICLE 7

Without prejudice to the provisions of Article 5, each Contracting Party shall accord the highest possible degree of liberalization to imports of the other's products. The process of liberalization shall take account of the development of trade between the Contracting Parties, market conditions, changes in the rules concerning trade in the Community or in the USSR and progress made in implementing the Agreement.

ARTICLE 8

To this end the Community undertakes:

- to make efforts to ensure progress towards the progressive abolition of "specific quantitative restrictions", namely those quantitative restrictions applied to imports originating in the USSR under Regulation (EEC) No 3420/83 which concern products other than those to which quantitative restrictions are applied under Regulation (EEC) No 288/82.

CEE/SU/en 7

- to eliminate, within one year of the entry into force of this Agreement, quantitative restrictions on imports into those regions of the Community and of those products listed in Annex I,
- to suspend, within one year of the entry into force of this Agreement, the application of quantitative restrictions on imports into those regions of the Community and of those products listed in Annex II on the terms and conditions specified therein.

ARTICLE 9

As regards the specific quantitative restrictions not contained in Annexes I and II, the Contracting Parties shall examine, before 30 June 1992, in the framework of the Joint Committee referred to in Article 22, the further changes which can be made in the then existing import arrangements. The changes to be considered may include any of the following measures:

- liberalization,
- liberalization with surveillance of imports,
- adoption of appropriate measures by the USSR such as the issue of export licences or certificates to ensure that exports to the Community remain within specified levels,
- measures that may be required to adapt existing Community import arrangements.

CEE/SU/44 R

1. For each calendar year, the Community shall open import quotas for products which are of interest for the USSR and which are subject to quantitative restrictions.

2. The Contracting Parties shall hold consultations each year in the Joint Committee provided for in Article 22 to determine what increases can be made in the quotas referred to in paragraph 1 and whether quotas can be opened for other products for the following year.

ARTICLE 11

1. The Community undertakes to abolish by 31 December 1995 at the latest the remaining specific quantitative restrictions with the exception of those concerning a limited number of products which might be deemed sensitive at that time.

2. The Joint Committee set up pursuant to Article 22 shall, during its meeting in 1995, draw up the arrangements which shall apply for a prescribed period after 31 December 1995 to the imports of the sensitive products referred to in paragraph 1.

ARTICLE 12

Imports into the Community of products covered by this Agreement shall not be charged against the quotas referred to in Article 10 where they are declared as being intended for re-export and are actually re-exported from the Community either in the unaltered state or after inward processing, under the administrative control arrangements in force in the Community.

CEE/SU/en 9

ARTICLE 13

The Parties shall inform one another of any changes in their tariff or statistical nomenclature or of any decision taken in accordance with the procedures in force concerning the classification of products covered by this Agreement.

ARTICLE 14

Goods shall be traded between the Contracting Parties at market-related prices.

ARTICLE 15

1. The Contracting Parties shall try to avoid conflict situations requiring safeguard measures in mutual trade. If problems nevertheless arise in trade between the Contracting Parties, the Parties shall open consultations not later than 30 days after the submission by one of them of an appropriate request within the framework of the Joint Committee set up in accordance with Article 22. Such consultations will aim at seeking mutually satisfactory solutions to these problems. Each Contracting Party will ensure that, except in critical circumstances, as defined in paragraph 4, no action is taken before consultations are held.

CEP/SU/en 10

2. In particular, the provisions of paragraph 1 shall apply if any product is being imported into the territory of one of the Contracting Parties in such increased quantities or under such conditions as to cause, or threaten to cause, injury to domestic producers of like or directly competitive products. In this case, the Contracting Party requesting the consultations shall provide the other Party with all the information required for a detailed examination of the situation.

3. If, as a result of the consultations, the Contracting Parties do not reach agreement on actions to avoid the situation, the Party which requested consultations shall be free to restrict the imports of the products concerned to the extent and for such time as is necessary to prevent or remedy the injury. The other Contracting Party shall then be free to deviate from its obligations towards the first Party in respect of substantially equivalent trade.

4. In critical circumstances where delay would cause damage difficult to repair, the Contracting Parties may take safeguard actions provisionally before the consultations, on the condition that consultations shall be effected immediately after taking such action.

5. In the selection of measures under this Article, the Contracting Parties shall give priority to those which cause least disturbance to the achievement of the aims of this Agreement.

CEE/SU/en 11

ARTICLE 16

1. This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, law and order or public security, the protection of life and health of humans, animals or plants, the protection of industrial, commercial and intellectual property, or rules relating to gold or silver or imposed for the protection of national treasures of artistic, historic or archaeological value.

Such prohibitions and restrictions must not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

2. This Agreement shall not preclude the taking of action justified on grounds of protection of essential security interests:

(i) relating to fissionable materials or the materials from which they are derived;

(ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

(iii) taken in time of war or other emergency in international relations.

CPE/SU/en 12

COMMERCIAL AND ECONOMIC CO-OPERATION

ARTICLE 17

1. The Contracting Parties shall make every effort to promote, expand and diversify their trade. The Joint Committee set up by Article 22 shall attach special importance to ways of encouraging the reciprocal and harmonious expansion of trade.

2. The Contracting Parties undertake to facilitate exchanges of commercial and economic information on all matters which would assist the development of trade and economic co-operation.

To this end, the Contracting Parties agree to ensure the publication of comprehensive data on commercial and financial issues, including production, consumption and foreign trade statistics.

3. The Contracting Parties undertake to facilitate co-operation between their respective customs services, in particular in the following areas:

- vocational training;
- simplification of customs documentation and procedures; and
- within the limits of their respective competences, administrative co-operation in order to prevent and detect infringements of the rules on customs matters, including the rules governing application of import quotas.

CEE/SU/en 13

4. The Contracting Parties, within the limits of their respective powers, undertake to facilitate their trade and economic co-operation, inter alia, by the following:

- encouraging trade promotion activities in favour of their enterprises, including advertising, consulting, factoring and other business services;
- providing natural and legal persons of the other Party with guarantees of their individual and property rights, including non-discriminatory access for that purpose to courts and appropriate administrative bodies of the Community and the USSR;
- encouraging contacts between business associations of the Community and the USSR.

5. The Contracting Parties will encourage forms of trade compatible with the efficient conduct of international business relations and will also encourage business partners to decide independently upon their trading patterns.

The Contracting Parties therefore agree that counter-trade practices should be regarded as temporary and exceptional. They further agree not to compel companies established in the Community or in the USSR to engage in such trade practices. Nevertheless, where firms or companies decide to resort to counter-trade operations, the Contracting Parties will encourage them to furnish all relevant information to facilitate the transaction.

CEE/SU/en 14

6. In furtherance of the aims of this Article, the Contracting Parties agree to maintain and improve favourable business regulations, facilities and practices for each other's firms or companies on their respective markets, inter alia as indicated in Annex III.

ARTICLE 18

Within the limits of their respective powers, the Contracting Parties:

- shall encourage the adoption of arbitration for the settlement of disputes arising out of commercial and co-operation transactions concluded by firms, enterprises and economic organizations of the Community and those of the USSR,
- agree that where a dispute is submitted to arbitration, each party to the dispute may, except where the rules of the arbitration centre chosen by the parties provide otherwise, choose its own arbitrator, irrespective of his nationality, and that the presiding third arbitrator or the sole arbitrator may be a citizen of a third State,
- will recommend their economic operators to choose by mutual consent the law applicable to their contracts,
- shall encourage recourse to the arbitration rules elaborated by the United Nations Commission on International Trade Law (Uncitral) and to arbitration by any centre of a State signatory to the Convention on Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958.

CEE/SU/en 15

ARTICLE 19

Within the limits of their respective powers, the Contracting Parties undertake to:

- ensure adequate protection and enforcement of industrial, commercial and intellectual property rights,
- ensure that their international commitments in the field of industrial, commercial and intellectual property rights are honoured,
- encourage appropriate arrangements between undertakings and institutions within the Community and the USSR with a view to due protection of industrial, commercial and intellectual property rights.

CEE/SU/en 16



TITLE IV

ECONOMIC CO-OPERATION

ARTICLE 20

1. In the light of their respective economic policies and objectives, the Contracting Parties shall foster economic co-operation on as broad a base as possible in all fields deemed to be in their mutual interest.

Such co-operation shall be aimed in particular at:

- strengthening and diversifying economic links between the Contracting Parties, taking into consideration the complementarity of their economies;
- contributing to the development of their respective economies and standards of living;
- opening up new sources of supply and new markets;
- encouraging co-operation between economic operators, with a view to promoting investment and joint ventures, licensing agreements and other forms of industrial co-operation to develop their respective industries;
- encouraging participation of small and medium-sized enterprises in trade and co-operation;

CEE/SU/en 17



- encouraging environmentally sound policies;

- encouraging scientific and technological progress.

2. In order to achieve these objectives, the Contracting Parties shall encourage economic co-operation in areas of mutual interest, in particular in the following areas:

- statistics;

- standardization;

- industry;

- raw materials and mining;

- agriculture, including the food-processing industries;

- environmental protection and the management of natural resources;

- energy, including nuclear energy and nuclear safety (physical safety and radiation protection);

- science and technology in areas in which the Contracting Parties are active and which they consider to be of mutual interest, including nuclear research;

CPE/NI/en 18

- economic, monetary, banking, insurance and other financial services.

- transport, tourism and other service activities.

- management and vocational training.

3. To give effect to the objectives of economic co-operation and within the limits of their respective powers and in accordance with their respective laws and policies, the Contracting Parties shall encourage the adoption of measures aimed at creating favourable conditions for economic and industrial co-operation, in particular by:

- facilitating exchanges and contacts between persons and delegations representing commercial, economic, business or other appropriate organizations;

- encouraging and facilitating trade promotion activities, such as the organization of seminars, fairs and exhibitions;

- facilitating the conduct of market research and other marketing activities on their respective territories;

- promoting activities involving the provision of technical expertise in appropriate areas;

- promoting the exchange of information and contacts on scientific subjects of mutual interest;

CEE/SU/en 19



- fostering a favourable climate for investment, joint ventures and licensing arrangements, notably by the extension by the Community Member States and the USSR of arrangements for investment promotion and protection, in particular for the transfer of profits and repatriation of invested capital, on the basis of the principles of non-discrimination and reciprocity.

ARTICLE 21

Without prejudice to the relevant provisions of the Treaties establishing the European Communities, this Agreement and any action taken thereunder shall in no way affect the powers of the Member States of the Community to undertake bilateral activities with the USSR in the field of economic co-operation and to conclude, where appropriate, new economic co-operation agreements with the USSR.

CEP/SII/CM 20

TITLE V

JOINT COMMITTEE

ARTICLE 22

1. (a) A joint committee shall be set up comprising representatives of the Community, on the one hand, and representatives of the USSR, on the other.
 - (b) The joint committee shall formulate recommendations by mutual consent.
 - (c) The joint committee shall, as necessary, adopt its own rules of procedure and programme of work.
 - (d) The joint committee shall meet once a year in Brussels and Moscow alternately. Special meetings may be convened by mutual agreement, at the request of either Contracting Party. The office of chairman of the Joint Committee shall be held alternately by each of the Contracting Parties. Wherever possible, the agenda for meetings of the joint committee shall be agreed beforehand.
2. (a) The joint committee shall ensure the proper functioning of this Agreement and shall devise and recommend measures for achieving its objectives, keeping in view the economic and social policies of the Contracting Parties.

CEE/SU/en 21

(b) The joint committee shall endeavour to find ways of encouraging the development of trade and commercial and economic co-operation between the Contracting Parties. In particular, it shall:

- examine the various aspects of trade between the Parties, notably its overall pattern, rate of growth, structure and diversification, the trade balance and the various forms of trade and trade promotion,
- make recommendations on any commercial or economic co-operation problem of mutual concern,
- seek appropriate means of avoiding possible difficulties in the fields of trade and co-operation and encourage various forms of commercial and economic co-operation in areas of mutual interest,
- consider measures likely to develop and diversify trade and economic co-operation, notably by improving import opportunities in the Community and in the USSR,
- exchange information on macro-economic plans and, where they exist, foreign trade plans and forecasts for the economies of the Parties which have an impact on trade and co-operation and, by extension, on the scope for developing complementarity between their respective economies and also on proposed economic development programmes.

CEE/SU/en 22

- exchange information about amendments and developments in the laws, regulations and formalities of the Contracting Parties in the areas covered by this Agreement.
- seek methods of arranging and encouraging the exchange of information and contacts in matters relating to co-operation in the economic field between the Contracting Parties on a mutually advantageous basis, and work towards the creation of favourable conditions for such co-operation.
- examine favourably ways of improving conditions for the development of direct contacts between firms established in the Community and those established in the USSR.
- formulate and submit to the authorities of the Contracting Parties recommendations for solving any problems that arise, where appropriate by concluding arrangements or agreements.
- examine the situation with regard to the award of contracts for the supply of goods or services consequent upon international invitations to tender.

CEE/SU/en 23

TITLE VI

GENERAL AND FINAL PROVISIONS

ARTICLE 23

Subject to the provisions concerning economic co-operation in Article 21, the provisions of this Agreement shall replace the provisions of the Agreements concluded between the Member States of the Community and the USSR, to the extent to which the latter provisions are either incompatible with, or identical to, the former.

ARTICLE 24

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Economic Community and the European Atomic Energy Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the Union of Soviet Socialist Republics.

ARTICLE 25

1. This Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties have notified each other that the legal procedures necessary to this end have been completed. The Agreement shall be concluded for an initial period of ten years. The Agreement shall be automatically renewed year by year provided that neither Contracting Party gives the other Party written notice of denunciation of the Agreement six months before it expires.

CEE/SU/en 24

The Contracting Parties may expand and/or amend this Agreement or elaborate further on its specific provisions by mutual consent in order to take account of new developments

2. The Annexes, the Joint Declaration and the exchange of letters attached to this Agreement shall form an integral part thereof.

ARTICLE 26

This Agreement shall be drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Russian languages, each text being equally authentic.

CEE/SU/en 25

List of regions of the Community and products referred to
in the second indent of Article 8

Benelux

0701 90 51	ex 7017 20 00 (1)
	ex 90 00
0702 00 90	
	7905 00 11
1704 90 30	19
51	90
55	
61	ex 8501 20 10 (2)
65	31 10
71	32 10
75	33 10
81	40 10
99	51 10
	90
1806 10 10	52 10
30	91
90	93
20 10	99
30	53 10
50	91
70	99
90	
31 00	
32 10	
90	
90 11	
19	
31	
39	
50	
60	
70	
90	
1901 10 00	
90 90	
1904 10 10	
10 30	
10 90	
90 10	
90 90	
6911 10 00	
90 00	

CEE/SU/Annex 1/en 1

Federal Republic of Germany

0712 10 00	6912 00 90	9503 49 10
2833 22 00	7013 21 11	90
3102 40 10	19	60 10
4202 11 10	31 10	90 37
90	91 10	99
21 00	7117 19 10	9505 10 10
31 00	90 00	9617 00 11
91 10	7202 41 90	19
50	80 00	
90	92 00	
92 15	7214 10 00	
95	7307 19 10	
99 10	7318 12 10	
4203 29 91	90	
99	15 81	
4410 10 10	50	
50	16 30	
4411 11 00	50	
21 00	91	
31 00	99	
91 00	7601 10 00	
99 00	20 10	
6403 19 00	90	
20 00	7905 00 11	
40 00	8901 10 90	
51 11	20 90	
91	30 90	
59 31	90 91	
91	99	
91 11	8902 00 90	
91	9025 11 91	
99 31	9205 10 00	
91	9503 30 10	
6801 00 00	41 00	
6815 91 00		
6902 10 00		
6908 90 51		

CEE/SU/Annex I/en 2

4

Denmark

1806 10 10
30
90
20 10
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70
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31 00
32 10
90
90 11
19
31
39
50
60
70
90
6906 00 00
7318 11 00
12 10
90
13 00
14 10
91
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15 20
49
61
69
70
89
16 99
9603 29 10
30
30 10
40 10
40 90
90 91

CEE/SU/Annex I/en 3



Greece

4010 91 00
99 00
7325 91 00
7326 11 00
20 30
8215 10 10
20 10
90
99 10
8506 19 10
90
8508 20 00
90 00

CEE/SU/Annex I/en 4



Spain

2529 10 00	3206 49 10
21 00	
22 00	3301 11 10
30 00	12 10
	13 10
2903 14 00	3904 61 00
21 00	
22 00	3907 20 11
23 00	19
29 00	
30 10	ex 3909 10 00 (3)
31	
39	3916 10 00
2905 14 10	3917 21 10
16 90	32 31
19 90	
22 10	3920 73 10
90	
29 00	4002 60 00
49 90	
50 10	4203 29 10
30	91
2917 14 00	4410 10 30
34 10	90 10
2929 10 00	7017 20 00
2933 61 00	8110 00 19
71 00	90
90 30	
60	8545 19 10
70	
2934 90 50	8705 40 00
60	
80	

CEE/SU/Annex I/en 5

France

8528 20 71
73
79

CEE/SU/Annex I/en 0

4011 40 00
50 10
90

4013 20 00
90 10

6906 00 00

6912 00 30

9406 29 90
30 10
90
90 10

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Italy

0701 90 51 59	2903 30 39 40 00	3003 31 00 39 00 40 00 90 10	3823 50 10 60 11 19 91 99 90 30	6401 91 10 92 10 90 99 10 90
0710 10 00	2904 10 00 90 10			
0712 10 00		3102 10 91 99		6402 11 00 19 00 20 00 30 90 91 10 90
2009 11 19	2905 14 10 22 10 90	29 10 30 10 40 10 90	50 60 81 83 87 93	
2208 10 10	50 30			
2209 00 99	2907 23 10	60 00 80 00 90 00		
2402 10 00	2912 11 00 12 00 50 00 60 00		3907 20 19	39 50 91 95 99
2523 10 00 21 00 30 00 90 10 30		3105 60 10 90 10	3920 73 10	
	2918 30 00	3206 49 10	4104 31 90 39 90	6403 11 00 30 00 51 11 91 59 11 91 11 99 31
2529 21 00 22 00 30 00	2921 12 00 19 30 30 10 51 90 59 00	3602 00 00 3603 00 10 3604 10 00 90 00	4410 10 30 4418 30 10 90	
2704 00 11 90	2922 12 00 49 10	3606 10 00 90 10 90	4501 10 00 19 00	
2813 12 00	2929 10 00		4502 00 00	6601 99 10 90
2818 30 00	2932 11 00	3701 20 00	4802 30 00	6904 10 00 90 00
2824 10 00 90 00	2933 11 10 61 00 79 00 90 50 60 70	3801 30 00 3808 30 30 90	4804 19 39 29 10 31 10 39 10	6908 90 51 91
2833 22 00 30 10			4805 40 00 50 00 80 11	6912 00 30
2840 30 00		3811 21 00		7003 20 10 90
2841 20 00	2934 90 40 30	3816 00 00	4808 20 00 30 00	7004 10 30 90 50
2849 10 00 90 90	60 80	3818 00 10 3819 00 00	4814 20 00	7005 30 00
2903 14 00 30 10 31	2936 26 00 3003 20 00	3823 20 00 30 00	6401 10 10 90	7016 90 30

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7604	10	10	8443	11	00
		90		21	00
		21		29	00
		99		30	00
7606	11	10		40	00
		91			
		93	8452	40	00
		99			
	12	10	8543	80	10
		50			
	92	00	8545	11	00
				19	10
7607	11	10		90	10
		90			
	19	10	8546	90	10
		90			
	20	10	8701	20	10
		90			
			8705	40	00
7608	10	10			
		91	8710	00	00
		99			
	20	10	8714	20	00
		30		91	30
		91		92	10
		99		90	
				93	10
7609	00	00		96	10
				30	
7803	00	00		99	10
				30	
7804	11	00		50	
		19			
			9306	30	30
7805	00	00		90	10
7902	00	00			
7903	90	00			
7904	00	00			
7905	00	19			
7906	00	00			
8408	10	21			
		25			
		90			31

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United Kingdom

0701 90 10
51
59
3605 00 00

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Notes to Annex I, explaining the partial liberalization of certain products

- | | |
|------------------|---|
| 1) ex 7017 20 00 | laboratory glassware |
| ex 90 90 | |
| 2) ex 8501 20 10 | Motors of an output exceeding
0,75 kW but not exceeding 150 kW |
| 3) ex 3909 10 00 | Urea glues |
| ex 53 99 | |
-

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ANNEX II

List of regions of the Community and products referred to in the third indent of Article 8

The schemes for the suspension of quantitative restrictions referred to below have been established in order to permit the import of the products concerned without a quantitative limit on an experimental and temporary basis. Consequently, in particular instances, as a result of USSR exports to the regions of the Community concerned, market trends may make it necessary for the Community to discontinue this practice; in this event, the USSR will be informed to this effect immediately.

A. Benelux: (automatic licensing arrangements - TLA)

	Textile categories
0701 90 59	125A
ex 7004 90 95 (1)	ex 126 (2)
99	127A
	148A
7010 90 10	149A
21	149B
31	149C
45	
47	
55	
57	
71	
81	
87	
99	

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B. France : (system without quantitative limits - SLQ)

7601 10 00
20 10
20 90

C. Italy: (automatic licensing arrangements - TLA)

4411 11 00	4804 31 10	7005 10 10	7016 90 10
19 00	52 10	31	
21 00	59 10	33	8443 12 00
29 00		35	19 11
31 00	4910 00 00	91	19
39 00		93	90
91 00		95	50 19
99 00	7003 11 90	21 10	90
	19 90	20	90 00
4804 11 11	30 00	30	
15		40	
19		50	
19 11		90	
15	7004 10 50	29 10	
19	90	31	
31	90 70	33	
35	91	35	
21 10	93	91	
39 51	95	93	
59	99	95	
41 10			
42 10			
49 10			

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Notes to Annex II, explaining the suspension of a partial restriction
on certain products

- 1) ex 7004 90 95: glass for polishing
 - 2) ex category 126: all CN codes except 5502 00 10, 5502 00 90.
-

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Bearing in mind the provisions of the Final Act of the Conference on Security and Co-operation in Europe and the Concluding Documents of the subsequent meetings of the CSCE Participating States, and in the context of its economic reforms, the USSR, within the limits of its powers, undertakes, in order to facilitate commercial and economic co-operation and to encourage mutual trade, to take measures such as:

- (a) facilitating the entry, stay and movement of Community businessmen in the USSR;
- (b) facilitating direct access of Community businessmen to business contacts and end-users in the USSR;
- (c) facilitating, on a non-discriminatory basis and on the basis of non-discriminatory prices, the establishment and operation of representative offices of Community firms in the USSR, including the renting of commercial premises and living space, the acquisition of equipment and transport facilities, access to telecommunications, utilities and social services;

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(d) facilitating, on a non-discriminatory basis, the free recruitment of local staff required by such firms;

(e) not encouraging barter transactions by firms established in the USSR;

(f) centralizing licensing in the USSR within one competent State body in order to ensure the proper implementation of the provisions of Article 5.

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JOINT DECLARATION BY THE COMMUNITY AND THE USSR
CONCERNING ARTICLE 23

It is understood that the Agreements concluded between the Member States of the Community and the USSR, referred to in Article 23, may include inter alia agreements on trade and navigation.

DC/CEE/SU/en 1

JOINT DECLARATION BY THE COMMUNITY AND THE USSR
CONCERNING ARTICLE 23

It is understood that the Agreements concluded between the Member States of the Community and the USSR, referred to in Article 23, may include inter alia agreements on trade and navigation.

DC/CEE/SU/en 1

AGREEMENT
IN THE FORM OF AN EXCHANGE OF LETTERS
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND THE UNION OF SOVIET SOCIALIST REPUBLICS
CONCERNING "TESTAUSSCHREIBUNG"

EL/CEE/SU/en 1

Brussels.

Sir,

Since the beginning of 1980, a new import scheme aimed at subsequent liberalization ("Testausschreibung") has been introduced by the Federal Republic of Germany covering almost half of the industrial products still subject to quantitative restrictions (apart from textile and steel products). This scheme provides on an experimental and temporary basis for the issue of import licences above and beyond the limits set by the quotas.

The "Testausschreibung" is intended to permit an assessment, in the course of future years, of the sectors in which quantitative restrictions on imports of industrial products might be removed. During the examination of the results of the "Testausschreibung", the particular importance which the USSR attaches to the expansion of economic relations and the USSR's contractual relations with the Community will be taken into consideration.

In the event that, in particular instances, as a result of USSR exports to the Federal Republic of Germany, market trends make it necessary to discontinue this practice, the USSR will be informed to this effect immediately and prior consultation may take place if the USSR so requests.

I should be obliged if you would confirm that your Government is in agreement with the above.

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