GENERAL AGREEMENT ON TARIFFS AND TRADE
Contracting Parties
Second Session
Item 15 on the Provisional Agenda

DRAFT AGREEMENT ON MOST-FAVORED-NATION TREATMENT FOR OCCUPIED AREAS OF WESTERN GERMANY

Proposed by the Government of the United States

Being desirous of facilitating to the fullest extent possible the reconstruction and recovery of the world from the destruction wrought by the recent war, and

Believing that one of the most important steps toward such reconstruction and recovery on a permanent basis is the restoration of international trade in accordance with the principles of the Charter for an International Trade Organization drawn up by the United Nations Conference on Trade and Employment at Havana and dated March 24, 1948,

The signatories agree to the following provisions:

Article I

For such time as any signatory of this Agreement participates in the occupation or control of any area in western Germany, each of the signatories shall accord to the merchandise trade of such area the treatment provided for in the most-favored-nation provisions of the General Agreement on Tariffs and Trade, dated October 30, 1947, as now or hereafter amended.

Article II

The undertaking by a signatory provided for in Article I shall apply to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the
merchandise trade of the territory of such signatory.

Article III

The undertaking in Article I is entered into in the light of the absence, on the date of this Agreement, of effective or significant tariff barriers to imports into the areas referred to therein. In the event that effective or significant tariff barriers are thereafter imposed in any such area, such undertaking shall be without prejudice to the application by any signatory of the principles relating to the reduction of tariffs on a mutually advantageous basis which are set forth in the Havana Charter for an International Trade Organization.

Article IV

1. This Agreement shall remain open for signature at the Headquarters of the United Nations. The Agreement shall enter into force for each signatory on the day of signature by such signatory.

2. The undertakings in this Agreement shall remain in force until January 1, 1951 and, except for any signatory which at least six months before January 1, 1951 shall have deposited with the Secretary-General of the United Nations a notice in writing of intention to withdraw from this Agreement on that date, they shall remain in force thereafter subject to the right of any signatory to withdraw upon the expiration of six months from the date on which such a notice shall have been so deposited.

Article V

1. The interpretative note to this Agreement shall constitute an integral part thereof.

2. The original of this Agreement shall be deposited with the Secretary-General of the United Nations, who shall
send a certified copy thereof to each country to which it is open for signature, and he is authorized to effect registration thereof pursuant to paragraph 1 of Article 102 of the Charter of the United Nations.

3. The Secretary-General shall promptly notify each signatory of the date of each signature of this Agreement subsequent to the date of the Agreement or of any notice of intention to withdraw pursuant to paragraph 2 of Article IV.

IN WITNESS WHEREOF the respective representatives, duly authorized, have signed this Agreement.

Done at Geneva, in a single copy, in the English and French languages, both texts authentic, this day of August, 1948.

(signatures)

Interpretative Note

It is recognized that the absence of a uniform rate of exchange for the currency of the areas in western Germany, referred to in Article I may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the appropriate authorities fails to result in an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in Article I for any signatory to levy a countervailing duty on imports of such goods, equivalent to the estimated amount of such subsidization, where such signatory determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.