

## TRADE: IMPORTATION OF WATCHES

*Exchange of memoranda at Washington April 22, 1946*  
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### *Swiss Aide-Memoire*

LEGATION OF SWITZERLAND  
WASHINGTON, D.C.  
*April 22, 1946*

The Legation of Switzerland wishes to refer to recent conversations which have taken place between officials of the Governments of the United States and Switzerland in regard to a number of problems affecting the importation into the United States of Swiss watches, watch movements and parts, watch-making machinery and jewel bearings.

Reference was made in these conversations to the fact that the United States watch manufacturing industry had during the last few years been converted largely to war production, and in contrast to many other industries similarly converted, the absence of American production had been largely compensated by imports of Swiss watches. The fact that as large an accumulated civilian demand did not exist in the case of watches as in other commodities, therefore, appeared likely to create certain difficulties for the American watch manufacturing industry during its period of reconversion to civilian production. It was also recognized that, by the terms of the Trade Agreement between the United States and Switzerland concluded in 1936,<sup>1</sup> no quantitative limitations were to be placed by the United States on the importation of watches and watch movements into the United States. It was further recognized that this provision of the Trade Agreement should not be allowed to operate in a manner to interfere with the reconversion of the United States watch manufacturing industry. Taking into account such considerations as the foregoing, the Legation of Switzerland makes the declarations set forth below:

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<sup>1</sup> Agreement of Jan. 9, 1936 (EAS 90, *ante*, p. 926).

1. The Swiss Government is willing to effect a scheduling of the exports of watches and watch movements during the period of the reconversion of the United States watch manufacturing industry to civilian production (which is estimated for that purpose to end March 31, 1947) so that the volume of watches and watch movements reaching the United States shall not be such as to interfere with the ready marketing in the United States of the products of the American watch industry.

2. In order to facilitate such scheduling described in Paragraph 1, above, the Swiss Government further declares itself prepared to:

(a) Initiate immediately such measures as are available to it to channel the shipment of watches and watch movements from Switzerland directly to the United States and to prevent their indirect shipment to the United States.

(b) Initiate immediately such measures as may be necessary to assure that direct shipments of watches and watch movements from Switzerland to the United States during 1946 shall not exceed the amount of direct exports in 1945. The limitation is to become effective retroactively to January 1, 1946. The volume of the direct shipments during the first three months of 1947 shall be calculated *pro rata temporis*.

3. The two governments will review the question of the volume of imports of Swiss watches and watch movements from time to time as the Government of the United States or the Swiss Government may deem necessary. If at any time during the reconversion period satisfactory evidence appears that the United States watch industry is finding difficulty in marketing its products, the Government of Switzerland declares itself prepared, in addition to the control of exports contemplated by Paragraph 2 above, to effect a further reduction in the volume of exports of watches and watch movements from Switzerland to the United States to an extent to be agreed upon between the two governments.

Furthermore, the Swiss Government takes cognizance of the opinion expressed by officials of the Government of the United States that a joint review shall be made whenever the imports in any three-month period during 1946 exceed the average direct imports during a similar period of years 1942-45, inclusive, or whenever the volume of imports with respect to the several United States import classifications greatly deviates in any such period from the general pattern established during the last decade, and sees no objection to such procedure.

4. The Swiss Government will use its good offices to expedite the issuance of export permits by the Swiss Watch Chamber and other watch associations for watch parts and for jewel bearings to be used in the manufacture of watches in the United States, according to the autonomous internal regulations of the Swiss Government. The Swiss Government also will use its good offices to secure the issuance of export licenses to supply the American watch manufacturing industry with the watchmaking machinery which it is

now endeavoring to purchase in Switzerland and will consider sympathetically the granting of export licenses for such further watchmaking machinery as United States watch manufacturers may desire to purchase in Switzerland. The Swiss Legation is looking forward to receiving from the Department of State the list of machines which the American watch manufacturing industry is now desirous of obtaining in Switzerland.

The foregoing declarations will be in effect until March 31, 1947.

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*United States Aide-Memoire*

APRIL 22, 1946

The Government of the United States appreciates the declaration made by the Legation of Switzerland in its *aide-mémoire* of April 22, 1946 concerning the intentions of the Government of Switzerland with respect to the exportation of watches and watch movements, watch parts, watchmaking machinery and jewel bearings to the United States during the period from January 1, 1946 to March 31, 1947.

The Government of the United States believes that the adoption and execution of these measures by the Government of Switzerland will contribute materially to the solution of problems confronting the American watch industry in its period of reconversion to civilian production and will serve, at the same time, to assure the American watch importers and assemblers as well as the retail jewelers and consumers of an adequate supply of watches.

The Department of State, in this connection, will transmit to the Legation of Switzerland in the very near future the lists referred to in paragraph four of the *aide-mémoire*.