

## MOST-FAVORED-NATION TREATMENT FOR AREAS UNDER OCCUPATION OR CONTROL

*Exchange of notes at Luxembourg July 3, 1948*  
*Entered into force July 3, 1948*  
*Expired in accordance with its terms*

62 Stat. 2917; Treaties and Other  
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*The American Chargé d'Affaires ad interim to the Minister of Foreign  
Affairs*

No. 30

### EXCELLENCY:

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

1. For such time as the Government of the United States of America participates in the occupation or control of any areas in Western Germany and in the Free Territory of Trieste, the Government of Luxembourg will apply to the merchandise trade of such area the provisions of the General Agreement on Tariffs and Trade, dated October 30, 1947<sup>1</sup> as now or hereafter amended, relating to most-favored nation treatment.

2. The undertaking in point one above will 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 Luxembourg.

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

<sup>1</sup> TIAS 1700, *ante*, vol. 4, p. 641.

<sup>2</sup> Unperfected; for excerpts, see *A Decade of American Foreign Policy: Basic Documents, 1941-49*, (S. Doc. 123, 81st Cong., 1st sess.), p. 391.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany, referred to in point 1 above, may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in point 1 for the Government of Luxembourg to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of Luxembourg determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

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

I avail myself of this occasion to renew to Your Excellency the assurances of my highest consideration.

GEORGE P. WALLER

LUXEMBOURG, July 3, 1948

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*The Minister of Foreign Affairs to the American Chargé d'Affaires  
ad interim*

[TRANSLATION]

MINISTRY OF FOREIGN AFFAIRS

LUXEMBOURG, July 3, 1948

MR. CHARGÉ D'AFFAIRES:

I have the honor to refer to the conversations which have just taken place between the representatives of our two Governments on the subject of the territorial application of the trade agreements in force between the Grand Duchy of Luxembourg and the United States of America, and to confirm, as a result of those conversations, the agreement reached on the following points:

I. As long as the United States Government participates in the occupation or control of any territory in Western Germany or the territory of the free city of Trieste, the Luxembourg Government will apply to trade with the said territories the provisions of the General Agreement on Tariffs and Trade dated October 30, 1947, as it now stands or as it may be amended, relative to most-favored-nation treatment.

II. The commitment undertaken in the above paragraph shall apply to all zones subjected to military occupation only as long as and to the extent that the aforesaid zones grant, reciprocally, most-favored-nation treatment to trade with Luxembourg.

III. The commitments undertaken in paragraphs I and II hereinabove have been assumed in consideration of the present absence of customs barriers applying to imports into the occupation zones thus defined. In the event such customs barriers are established, it is understood that the aforesaid commitments shall not prejudice in any way the application of the principles expressed in the Habana Charter for an International Trade Organization, concerning the reduction of tariffs on a mutually advantageous basis.

IV. It is recognized that the absence of a uniform rate of exchange for the currency of the zones of Western Germany mentioned in paragraph I hereinabove may have the effect of indirectly subsidizing exports from those zones in a manner which may be difficult to estimate exactly. As long as such a condition exists, and if consultations with the United States Government do not make it possible for this problem to be solved by common agreement, it is understood that it would not be contrary to the obligations assumed in paragraph I by the Luxembourg government to impose an equivalent duty on imports of such goods in order to make up for the appraised amount of such subsidies, in case the Luxembourg Government should decide that the subsidy is such as to cause or threaten to cause material damage to a national industry, or such as to prevent or delay the establishment of a national industry.

V. The agreements reached in this exchange of letters shall remain in force until January 1, 1951, and, unless one of the Governments gives to the other Government, at least six months before January 1, 1951, written notice of its intention to terminate these commitments on that date, the said commitments shall remain in force until the expiration of a period six months after the date on which the intention to terminate them has been notified.

I avail myself of this occasion, Mr. Chargé d'Affaires, to renew to you the assurances of my most distinguished consideration.

For the Minister of Foreign Affairs

*Prime Minister*

*President of the Government*

P. DUPONG

MR. GEORGE P. WALLER,  
*Chargé d'Affaires ad interim, of*  
*The United States of America,*  
*Luxembourg*