

RECIPROCAL TRADE

*Agreement signed at Washington January 9, 1936, with declaration relating to exportation of Swiss watches*¹

Approved and confirmed by the President of the United States January 9, 1936

Ratified by Switzerland April 28, 1936

Instrument of approval and confirmation and instrument of ratification exchanged at Bern May 7, 1936

Proclaimed by the President of the United States May 7, 1936

Entered into force June 6, 1936; articles I–XVII, inclusive, operative from February 15, 1936

Supplemented and modified by agreements of September 19, October 4, and November 5 and 14, 1940;² October 13, 1950;³ June 8, 1955;⁴ December 30, 1959;⁵ March 29, 1960;⁶ January 18 and December 20 and 28, 1962;⁷ and July 10 and 11, 1963⁸

Terminated December 31, 1968, by agreement of October 28, 1968⁹

49 Stat. 3917; Executive Agreement Series 90

AGREEMENT

The President of the United States of America and the Swiss Federal Council, being desirous of facilitating and extending the commercial relations existing between the United States of America and Switzerland by granting mutual and reciprocal concessions and advantages for the promotion of trade, have through their respective Plenipotentiaries arrived at the following Agreement:

ARTICLE I

Articles the growth, produce or manufacture of the United States of America enumerated and described in Section A of Schedule I¹ annexed

¹ For schedules annexed to agreement, see 49 Stat. 3930 or p. 16 of EAS 90.

² EAS 193, *post*, p. 940.

³ 2 UST 453; TIAS 2188.

⁴ 6 UST 2845; TIAS 3328.

⁵ 10 UST 2087; TIAS 4379.

⁶ 11 UST 284; TIAS 4447.

⁷ 13 UST 3890; TIAS 5264.

⁸ 14 UST 1036; TIAS 5400.

⁹ 19 UST 6210; TIAS 6574.

to this Agreement shall, on their importation into the customs territory of Switzerland, be exempt from ordinary customs duties in excess of those set forth in the said Section. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of Switzerland in force on the day of the signature of this Agreement.

With respect to articles enumerated and described in Section B of Schedule I for which import quotas are specified in the said Section, the quantities of such articles originating in the United States of America which shall be permitted to be imported annually into the customs territory of Switzerland, beginning with the day on which this Agreement comes into force, shall not be less than those specified in the said Section.

ARTICLE II

Articles the growth, produce or manufacture of Switzerland enumerated and described in Schedule II annexed to this Agreement shall, on their importation into the United States of America, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this Agreement.

ARTICLE III

The provisions of Articles I and II of this Agreement shall not prevent the Government of either country from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been manufactured or produced in whole or in part.

ARTICLE IV

Schedules I and II annexed to this Agreement, the notes included in them, and the Declaration annexed to this Agreement shall have force and effect as integral parts of this Agreement.

ARTICLE V

In respect of articles the growth, produce or manufacture of the United States of America or of Switzerland, enumerated and described in Schedules I and II, respectively, imported into the other country, on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, it is understood and agreed that the bases

and methods of determining dutiable value and of converting currencies shall be no less favorable to importers than the bases and methods prescribed under laws and regulations of Switzerland and the United States of America, respectively, in force on the day of the signature of this Agreement.

ARTICLE VI

Except as otherwise provided in this Agreement, no prohibitions, import or customs quotas, import licenses, or any other form of quantitative regulation, whether or not operated in connection with any agency of centralized control, shall be imposed by Switzerland on the importation or sale of any article the growth, produce or manufacture of the United States of America enumerated and described in Section A of Schedule I, nor by the United States of America on the importation or sale of any article the growth, produce or manufacture of Switzerland enumerated and described in Schedule II.

The foregoing provision shall not apply to quantitative restrictions in whatever form imposed by the United States of America or Switzerland on the importation or sale of any article the growth, produce or manufacture of the other country in conjunction with governmental measures operating to regulate or control the production, market supply, or prices of like domestic articles, or tending to increase the labor costs of production of such articles. The Government of the country imposing any such restriction will give sympathetic consideration to any representations which the Government of the other country may make in regard thereto and will consult promptly with the Government of such other country with respect to the subject matter of such representations; and if an agreement with respect thereto is not reached within thirty days following the receipt of written representations, the Government making them shall be free, within fifteen days after the expiration of the aforesaid period of thirty days, to terminate this Agreement in its entirety on thirty days' written notice.

ARTICLE VII

1. If the Government of the United States of America or Switzerland establishes or maintains any form of quantitative restriction or control of the importation or sale of any article in which the other country has an interest, or imposes a lower import duty or charge on the importation or sale of a specified quantity of any such article than the duty or charge imposed on importations in excess of such quantity, the Government taking such action shall:

(a) upon request inform the Government of the other country as to the total quantity, or any change therein, of any such article permitted to be imported or sold or permitted to be imported or sold at such lower duty or charge, during a specified period; and

(b) allot to the other country for such specified period a share of such total quantity as originally established or subsequently changed in any manner equivalent to the proportion of the total importation of such article which such other country supplied during a previous representative period, unless it is mutually agreed to dispense with such allotment.

2. Neither the United States of America nor Switzerland shall regulate the total quantity of importations into its territory or sales therein of any article in which the other country has an interest, by import licenses or permits issued to individuals or organizations, unless the total quantity of such article permitted to be imported or sold, during a quota period of not less than three months, shall have been established. The Government of each country will, upon request, inform the Government of the other country of the total quantity of any such article permitted to be imported and of the regulations covering the issuance of such licenses or permits.

ARTICLE VIII

In the event that the United States of America or Switzerland establishes or maintains a monopoly for the importation, production or sale of an article or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell an article, the Government of the country establishing or maintaining such monopoly, or granting such monopoly privileges, agrees that in respect of the foreign purchases of such monopoly or agency the commerce of the other country shall receive fair and equitable treatment. It is agreed that in making its foreign purchases of any article such monopoly or agency will be influenced solely by competitive considerations, such as price, quality, marketability, and terms of sale.

ARTICLE IX

Articles the growth, produce or manufacture of the United States of America or Switzerland, shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those payable on like articles of domestic origin or any other foreign origin.

ARTICLE X

The United States of America and Switzerland agree to grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning customs duties and charges of every kind and in the method of levying duties and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

Accordingly, natural or manufactured products having their origin in the

United States of America or Switzerland shall in no case be subject in the other country, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products having their origin in any third country are or may hereafter be subject.

Similarly, natural or manufactured products exported from the territory of the United States of America or Switzerland and consigned to the territory of the other country shall in no case be subject, with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products when consigned to any third country are or may hereafter be subject.

Any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or Switzerland, in regard to the above-mentioned matters, to a natural or manufactured product originating in any third country or consigned to the territory of any third country, shall be accorded immediately and without compensation to the like product originating in or consigned to the territory of Switzerland or the United States of America, respectively.

ARTICLE XI

In the event that a wide variation occurs in the rate of exchange between the currencies of the United States of America and Switzerland, the Government of either country, if it considers the variation so substantial as to prejudice the industries or commerce of the country, shall be free to propose negotiations for the modification of this Agreement or to terminate this Agreement in its entirety on thirty days' written notice.

ARTICLE XII

The Government of the United States of America or the Government of Switzerland, as the case may be, will accord sympathetic consideration to, and when requested will afford adequate opportunity for consultation regarding, such representations as the other Government may make with respect to the operation of customs regulations, quantitative restrictions or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal, or plant life or health.

In the event that the Government of either country makes representations to the Government of the other country in respect of the application of any sanitary law or regulation for the protection of human, animal, or plant life or health, and if there is disagreement with respect thereto, a committee of technical experts on which each Government will be represented shall, on

the request of either Government, be established to consider the matter and to submit recommendations to the two Governments.

ARTICLE XIII

Except as otherwise provided in the second paragraph of this Article, the provisions of this Agreement relating to the treatment to be accorded by the United States of America and Switzerland, respectively, to the commerce of the other country, shall not apply to the Philippine Islands, the Virgin Islands, American Samoa, the Island of Guam, or to the Panama Canal Zone.

The provisions of this Agreement regarding most-favored-nation treatment shall apply to articles the growth, produce or manufacture of any territory under the sovereignty or authority of the United States of America or Switzerland, imported from or exported to any territory under the sovereignty or authority of the other country. It is understood, however, that the provisions of this paragraph do not apply to the Panama Canal Zone.

The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions, the Philippine Islands, or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to the Philippine Islands irrespective of any change in the political status of the Philippine Islands.

The provisions of this Agreement shall apply to the Principality of Liechtenstein as long as it is bound to Switzerland by a customs union treaty.

ARTICLE XIV

The provisions of this Agreement relating to the treatment to be accorded by the United States of America and Switzerland to the commerce of the other country do not apply to advantages now accorded or which may hereafter be accorded to adjacent countries in order to facilitate frontier traffic, and advantages resulting from a customs union to which either the United States of America or Switzerland is now or may become a party, shall be excepted from the operation of this Agreement.

Nothing in this Agreement shall be construed to prevent the adoption of measures prohibiting or restricting the exportation or importation of gold or silver, or to prevent the adoption of such measures as either Government may see fit with respect to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies.

Subject to the requirement that there shall be no arbitrary discrimination by either country against the other country in favor of any third country under like circumstances, the provisions of this Agreement shall not extend to

prohibitions or restrictions (1) imposed on moral or humanitarian grounds; (2) designed to protect human, animal or plant life or health; (3) relating to prison-made goods; or (4) relating to the enforcement of police or revenue laws.

ARTICLE XV

In the event that the Government of the United States of America or the Government of Switzerland adopts or changes any measure or practice which, even though it does not conflict with the terms of this Agreement, is considered by the Government of the other country to have the effect of nullifying or impairing any object of the Agreement, the Government which has adopted or changed any such measure or practice shall consider such written representations or proposals as the other Government may make with a view to effecting a mutually satisfactory adjustment of the matter. If no agreement is reached with respect to such representations or proposals within thirty days after they are received, the Government making them shall be free, within fifteen days after the expiration of the aforesaid period of thirty days, to terminate this Agreement in its entirety on sixty days' written notice.

ARTICLE XVI

The Government of the United States of America and the Government of Switzerland reserve the right to withdraw or to modify the concession granted on any article under this Agreement, or to impose quantitative restrictions on any such article if, as a result of the extension of such concession to third countries, such countries obtain the major benefit of such concession and in consequence thereof an unduly large increase in importations of such article takes place: *Provided*, That before the Government of either country shall avail itself of the foregoing reservation, it shall give notice in writing to the other Government of its intention to do so, and shall afford such other Government an opportunity within thirty days after receipt of such notice to consult with it in respect of the proposed action; and if an agreement with respect thereto is not reached within thirty days following receipt of the aforesaid notice, the Government which proposed to take such action shall be free to do so at any time thereafter, and the other Government shall be free within fifteen days after such action is taken to terminate this Agreement in its entirety on thirty days' written notice.

ARTICLE XVII

The purpose of this Agreement being to facilitate and increase trade, it is understood and agreed that if the United States of America should make effective any measure with respect to the prevention of smuggling which the Government of Switzerland should consider as restricting unduly or having the effect of restricting unduly the legitimate importation of or trade in Swiss watches or watch movements, the Government of the United States of Amer-

ica will give most sympathetic consideration to any written representations which the Government of Switzerland may make with respect thereto. If, within thirty days after the receipt of such representations, no satisfactory understanding or adjustment has been effected, the Government of Switzerland shall have the right, within fifteen days after the expiration of the aforesaid period of thirty days, to terminate the Declaration annexed to this Agreement, or this Agreement in its entirety, on sixty days' written notice.

ARTICLE XVIII

The present Agreement shall be approved and confirmed by the President of the United States of America by virtue of the Act of the Congress of the United States of America approved June 12, 1934, entitled "AN ACT To amend the Tariff Act of 1930", and shall be ratified by the Swiss Federal Council with the consent of the Federal Assembly of the Swiss Confederation.

Pending the exchange of the instrument of approval and confirmation and the instrument of ratification which shall take place at Bern as soon as possible, the provisions of Articles I to XVII, inclusive, shall be applied reciprocally by the United States of America and Switzerland on February 15, 1936, and thereafter until the day on which the entire Agreement shall come into force.

The entire Agreement shall come into force thirty days after the day of the exchange of the instrument of approval and confirmation and the instrument of ratification. The Agreement shall continue in force until February 14, 1939, subject to the provisions of Article VI, Article XI, Article XV, Article XVI and Article XVII.

Unless at least six months before February 14, 1939, the Government of either country shall have given to the other Government notice of intention to terminate this Agreement on that date, the Agreement shall remain in force thereafter, subject to the provisions of Article VI, Article XI, Article XV, Article XVI and Article XVII, until six months from the day on which the Government of either country shall have given such notice to the other Government.

In witness whereof the respective Plenipotentiaries have signed this Agreement and have affixed their seals hereto.

Done in duplicate, in the English and French languages, both authentic, at the City of Washington, this ninth day of January, nineteen hundred and thirty-six.

For the President of the United States of America:
CORDELL HULL [SEAL]

For the Swiss Federal Council:
MARC PETER [SEAL]

[For schedules annexed to agreement, see 49 Stat. 3930 or p. 16 of EAS 90.]

DECLARATION

With a view to cooperating with the Government of the United States of America in its efforts to suppress the smuggling of watches and watch movements, the Government of Switzerland will establish and maintain with the collaboration of the appropriate organizations of the Swiss Watch Industry, the following system of regulation of the exportation of watches and watch movements from Switzerland to the United States:

1. Watches and watch movements other than those purchased at retail may not be exported from Switzerland to the United States except under export permits issued by a Swiss watch organization to be designated by the Government of Switzerland. Such permits shall be viséed by the Swiss Customs Authorities when the shipments are exported from Switzerland and shall be delivered to the appropriate American Consulate in Switzerland. The export permit shall be substantially in the form attached hereto.

2. Watches and watch movements destined for the United States shall be exported through the Swiss Custom House at the place or places to be designated by the Swiss Customs Authorities, for direct shipment to the United States.

3. Watches and watch movements exported from Switzerland to the United States shall be permanently marked with a distinguishing mark distinct for each importer in the United States. Current lists of such marks, and the names and addresses of the persons to whom allocated, shall be furnished by the Swiss Government to the American Legation at Bern. However, such mark shall not be required in the case of watches or watch movements which are or may hereafter be permitted to be legally imported into the United States without marking.

4. The appropriate organizations of the Swiss Watch Industry will take such measures as are necessary to insure:

(a) that their members keep regular accounts, periodically audited, and that they furnish complete information to a central organization in Switzerland regarding their exports of watches and watch movements to the United States, in particular, the dates, quantities and values of their shipments, the style of their products, the names of the suppliers of the exported articles, and the names of the importers in the United States; and

(b) that infringements of this system of regulation of exports are punished in accordance with the conventions of the Swiss Watch Industry; it being understood that one of the penalties to be imposed shall be the temporary or permanent refusal of export permits for future shipments to the United States.

5. Upon request through the appropriate channels, the Swiss watch organization which is designated by the Government of Switzerland for the issuance of export permits will furnish information to the American Customs

Authorities regarding the smuggling or suspected smuggling into the United States of watches and watch movements.

6. The Swiss watch organization which is designated by the Government of Switzerland for the issuance of export permits will, after due warning, refuse to issue export permits for the shipment of watches and watch movements for the account of any person in the United States if there is probable cause to believe that such person has smuggled or is engaged in the smuggling of watches or watch movements into the United States and if such person has refused to permit a duly accredited customs officer of the United States to inspect his stock or records pertaining to such merchandise or the purchase or importation thereof.

The system of regulation of exports described above shall be put into operation on May 1, 1936, and shall continue to operate as long as the trade agreement remains in force, subject to the provisions of Article XVII of the said trade agreement.

FORM OF EXPORT PERMIT FOR WATCHES AND WATCH MOVEMENTS

Mr. (Name of Exporter)
 residing at Switzerland,
 applies for an export permit for a shipment to the United States as described below.
 Consignee: goods sent to (Name and address)
 Ultimate consignee (Name and address)
 Country of origin: SWITZERLAND
 Nature and quantity of the goods (as described in the U.S.A: Customs tariff) . .
 Value of the goods sent (in Swiss francs)
 Goods exported from Switzerland through:
 For importation into the U.S.A. through port of:
 Marks and numbers on case or parcels
 Signature of exporter (Seal)
 Date 19
 La Chaux-de-Fonds, 19
 (SWITZERLAND)
 THE SWISS WATCH CHAMBER OF COMMERCE
 (Seal)

Visa of the Swiss Customs
 Authorities at
 (Seal)