

COMMERCIAL RELATIONS

Exchange of notes at Moscow August 4, 1937; related exchanges of notes

Proclaimed by the President of the United States August 6, 1937

Approved by the Union of Soviet Socialist Republics August 6, 1937

Entered into force August 6, 1937

Extended by agreement of August 5, 1938; ¹ August 2, 1939; ² August 6, 1940; ³ August 2, 1941; ⁴ and July 31, 1942 ⁵

Expired August 6, 1943

50 Stat. 1619; Executive Agreement Series 105

EXCHANGE OF NOTES

*The American Ambassador to the People's Commissar for Foreign Affairs
Moscow, August 4, 1937*

EXCELLENCY:

With reference to recent conversations which have taken place in regard to commerce between the United States of America and the Union of Soviet Socialist Republics, I have the honor to confirm and to make of record by this note the following agreement which has been reached between the Governments of our respective countries:

One. The United States of America will grant to the Union of Soviet Socialist Republics 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.

¹ EAS 132; not printed here.

² EAS 151; not printed here.

³ EAS 179; not printed here.

⁴ EAS 215; not printed here.

⁵ EAS 265; not printed here.

Accordingly, natural or manufactured products having their origin in the Union of Soviet Socialist Republics shall in no case be subject, 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 and consigned to the territory of the Union of Soviet Socialist Republics 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 the territory of 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 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 the Union of Soviet Socialist Republics.

It is understood that so long as and in so far as existing law of the United States of America may otherwise require, the foregoing provisions, in so far as they would otherwise relate to duties, taxes or charges on coal, coke manufactured therefrom, or coal or coke briquettes, shall not apply to such products imported into the United States of America. If the law of the United States of America shall not permit the complete operation of the foregoing provisions with respect to the above-mentioned products, the Union of Soviet Socialist Republics reserves the right within fifteen days after January 1, 1938, to terminate this agreement in its entirety on thirty days' written notice.

It is understood, furthermore, that 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.

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 the Government of the United States of America 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 cases, all other military supplies. It is understood that any action which may be taken by the President of the United States of America under the authority of Section 2 (b) of the Neutrality Act of 1937⁶ in regard to the

⁶ 50 Stat. 122.

passage of title to goods shall not be considered as contravening any of the provisions of this agreement relating to the exportation of natural or manufactured products from the territory of the United States of America.

Subject to the requirement that no arbitrary discrimination shall be effected by the United States of America against importations from the Union of Soviet Socialist Republics and in favor of those from any third country, the foregoing provisions shall not extend to prohibitions or restrictions (1) imposed on moral or humanitarian grounds, (2) designed to protect human, animal, or plant life, (3) relating to prison-made goods, or (4) relating to the enforcement of police or revenue laws.

Two. On its part the Government of the Union of Soviet Socialist Republics will take steps to increase substantially the amount of purchases in the United States of America for export to the Union of Soviet Socialist Republics of articles the growth, produce, or manufacture of the United States of America.

Three. This agreement shall come into force on the day of proclamation thereof by the President of the United States of America and of approval thereof by the Soviet of People's Commissars of the Union of Soviet Socialist Republics, which proclamation and approval shall take place on the same day. It shall continue in effect for twelve months. Both parties agree that not less than thirty days prior to the expiration of the aforesaid period of twelve months they shall start negotiations regarding the extension of the period during which the present agreement shall continue in force.

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

JOSEPH E. DAVIES
*Ambassador Extraordinary and Plenipotentiary
of the United States of America*

His Excellency
MAXIM LITVINOFF
*People's Commissar for Foreign Affairs
Moscow*

*The People's Commissar for Foreign Affairs to the American Ambassador
Moscow, August 4, 1937*

MR. AMBASSADOR:

With reference to recent conversations which have taken place in regard to commerce between the Union of Soviet Socialist Republics and the United States of America, I have the honor to confirm and to make of record by this note the following agreement which has been reached between the Governments of our respective countries:

[For text of agreement, see numbered paragraphs in U.S. note, above.]

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

M. LITVINOFF

Mr. JOSEPH E. DAVIES
Ambassador of the United States of America
Moscow

RELATED EXCHANGES OF NOTES ⁷

The American Ambassador to the People's Commissar for Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
Moscow, August 2, 1937

EXCELLENCY:

I have the honor to refer to our recent conversations in regard to the commerce between the United States of America and the Union of Soviet Socialist Republics and to ask you to let me know the value of articles, the growth, produce, or manufacture of the United States of America which the Government of the Union of Soviet Socialist Republics intends to purchase in the United States of America during the next twelve months for export to the Union of Soviet Socialist Republics.

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

JOSEPH E. DAVIES
Ambassador of the United States of America

His Excellency
MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Moscow

The People's Commissar for Foreign Affairs to the American Ambassador
Moscow, August "5", 1937

MR. AMBASSADOR:

In reply to your inquiry regarding the intended purchases by the Union of Soviet Socialist Republics in the United States of America in the course of the next twelve months, I have the honour to inform you that, according to information received by me from the People's Commissariat for Foreign

⁷ Similar notes were exchanged at the time of the extensions of Aug. 5, 1938 (EAS 132), Aug. 2, 1939 (EAS 151), and Aug. 6, 1940 (EAS 179). In each case the Soviet Union expressed an intention to buy at least \$40,000,000 worth of American goods in the next 12 months and not to export to the United States more than 400,000 tons of Soviet coal.

Trade, the economic organizations of the Union of Soviet Socialist Republics intend to buy in the United States of America in the course of the next twelve months American goods to the amount of at least forty million dollars.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

M. LITVINOFF

Mr. JOSEPH E. DAVIES
Ambassador of the United States of America
Moscow

The American Ambassador to the People's Commissar for Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
MOSCOW, August 4, 1937

EXCELLENCY:

With reference to the agreement concerning commerce between the United States of America and the Union of Soviet Socialist Republics which has been signed today, I have the honor to state that the Embassy has been informed that in view of the wording of Section 1 of the agreement, the authorities of the Treasury Department of the United States will hold that coal of all sizes, grades, and classifications (except culm and duff), coke manufactured therefrom, and coal or coke briquettes, imported from the Union of Soviet Socialist Republics will be exempt from the excise tax provided in Section 601 (c) (5) of the Revenue Act of 1932, as amended,⁸ subject, however, to possible adverse action by the courts.

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

JOSEPH E. DAVIES
Ambassador of the United States of America

His Excellency
MAXIM LITVINOFF
People's Commissar for Foreign Affairs
Moscow

The People's Commissar for Foreign Affairs to the American Ambassador

MOSCOW, August 4, 1937

DEAR MR. AMBASSADOR:

In reply to your inquiry regarding the intended exports of Soviet coal to the United States during the ensuing twelve months, I may state that, accord-

⁸ 47 Stat. 260, 50 Stat. 358.

ing to information received by me from the People's Commissariat for Foreign Trade, the economic organizations of the Union of Soviet Socialist Republics will not in any case export to the United States during the year beginning August 6, 1937, more than 400,000 tons of Soviet coal.

Sincerely yours,

M. LITVINOFF

Mr. JOSEPH S. DAVIES
Ambassador of the United States of America
Moscow