

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP.6/5
10 August 1951
ORIGINAL: ENGLISH

CONTRACTING PARTIES
Sixth Session

Termination of Obligations between the United States and Czechoslovakia under the Agreement

Statement by the United States

The following statement has been received by the Executive Secretary in a letter dated 2 August from the United States Government:

"The United States has determined to withdraw from Czechoslovakia the benefits of trade-agreement tariff concessions,

"Since the United States and Czechoslovakia are contracting parties to the General Agreement on Tariffs and Trade, the United States proposes that at the Sixth Session all of the obligations existing between it and Czechoslovakia by virtue of the provisions of the Agreement should be formally terminated. This statement is a brief explanation of the factors involved in the United States decision.

"When in 1947 the contracting parties framed the obligations to one another which are contained in the General Agreement on Tariffs and Trade, it was assumed that the political relations of the countries concerned would be such that it would be in their mutual interests to promote the movement of goods, money, and people between them. It is now apparent that this assumption is no longer valid as between the United States and Czechoslovakia. On the contrary, relations between the United States and Czechoslovakia have been progressively impaired by manifestations of Czechoslovak ill-will toward the United States. The property of American nationals in Czechoslovakia has been confiscated, without compensation or any serious attempt on the part of Czechoslovakia to settle this matter. American firms have been persecuted and harassed to such a degree that it is virtually impossible for them to do business with Czechoslovakia. Procurement of ordinary trade information essential to the conduct of commercial enterprises has been declared a crime. The United States has been forced, on extremely short notice, to reduce drastically the personnel of its Embassy in Prague. American citizens have been imprisoned without justification. American charitable and welfare organizations have been forced to discontinue their work.

"The impairment of economic relations has been aggravated by the progressive integration of Czechoslovakia's economy into the Soviet bloc. Czechoslovakia has openly declared its intention of administering its economy solely in the interests of the bloc. It has granted a special and guaranteed position in its economy to Soviet bloc corporations. It has left no room for doubt that its commitments to the United States are being subordinated or disregarded in the carrying out of its undertakings as a part of the Soviet economic bloc.

"The United States attaches considerable importance to the maintenance of the General Agreement on Tariffs and Trade as an instrument through which nations which are in agreement on its broad objectives can work together in the economic sphere. The United States is of the view, therefore, that in the interests of maintaining the integrity of the General Agreement on Tariffs and Trade in its application to trade among nations with normal relations, the existing situation between the United States and Czechoslovakia should be frankly and unequivocally recognized by the Contracting Parties, and the obligations between the two countries embodied in the Agreement, already rendered a nullity by political events, should be formally dissolved."

