



DEPARTMENT OF STATE

Washington, D.C. 20520

*State Dept file*

August 28, 1968

Mr. George D. Newton, Jr., Co-Director,  
Weapons Task Force,  
National Commission on the Causes & Prevention  
of Violence  
726 Jackson Place, N. W.  
Washington, D. C. 20506

Dear Mr. Newton:

Enclosed is the document which I promised to send to  
you when I was in your office this morning.

Also enclosed is a copy of the message which is today  
being forwarded to our Embassies requesting submission  
of data on weapons and one copy each of "Background  
Notes" for each country involved.

Sincerely,

*Frederick S. York*

Frederick S. York,  
Department of State Liaison Officer

Enclosures: 9

As stated.

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BOGOTA, BUENOS AIRES, GUATEMALA, MEXICO, RIO DE JANEIRO,  
SAN JOSE, SANTIAGO

Department of State

The President's National Commission on the Causes and  
prevention of Violence

The Department has agreed to cooperate with the Commission  
in the collection of background information pertinent to  
their studies.

The Weapons Task Force, one of seven special studies, has  
requested the Department to obtain "a complete breakdown  
by province, and for the largest cities (100,000 or more  
population), of violent crime subdivided by the type of  
weapon used, if any," e.g., military rifle, pistol, knife.

Any obtainable statistics should be forwarded by airmail.

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S/S-S - F.S.York

ARA - Mr. Vaky



# Background Notes

## GUATEMALA



Population: 4,500,000 (est.)  
Capital: Guatemala City

Guatemala, the northernmost and most populous of the five Central American Republics, has a total land area of some 42,000 square miles, about the size of Tennessee. It has a Pacific coastline 200 miles long and an irregular Caribbean coast spanning 50 miles. The heavily populated central highland region, where Guatemala City (population 600,000) is located, constitutes about one-fifth of the country's land surface. The Pacific plain is a fairly narrow belt between mountains and ocean, while the Caribbean lowlands are more extensive. The sparsely populated Department of Peten makes up the northern third of the country's area.

### THE PEOPLE

Guatemala's population is growing at the rate of 3.1 percent yearly. Pure-blooded descendants of the Mayan Indians make up the majority of the population of Guatemala, with the remainder largely of mixed Spanish and Indian descent. The latter (mestizos) and those Indians who have taken up mestizo ways of dressing and living are known as ladinos.

An estimated 70 percent of the population is illiterate. While the official language of Guatemala is Spanish, it is not universally understood, and Indian languages are spoken in some rural areas. The predominant religion is Roman Catholic.

### HISTORY

The great Mayan civilization flourished throughout much of Guatemala and surrounding territories before the Spanish conquest. Under Spanish colonial rule the Captaincy-General of Guatemala extended throughout Central America. The seat of this colonial government was located at what is now the city of Antigua, near Guatemala City. Since gaining independence in 1821, Guatemala has been a republic with a turbulent history, including a series of dictatorships.

President Juan José Arevalo in the 1940's preached social reform, but his government's toleration of Communists led to an increasingly open alliance with communism in the early 1950's under the regime of his successor, President Jacobo Arbenz. Ruthlessly suppressing all organized opposition, Arbenz turned openly to the Communists for material support. By the midpoint of his term

the Communists controlled the agrarian and labor movements, held many key posts in the government, were predominant in the government's political parties, and had built an array of front organizations. The Arbenz regime was overthrown in 1954 by an anti-Communist movement led by Carlos Castillo-Armas.

The assassination of President Castillo-Armas in 1957 precipitated a period of confusion from which Gen. Miguel Ydigoras-Fuentes emerged as President in 1958. Ydigoras, while maintaining close alignment with the U. S. Government, maneuvered to stay in power amid worsening economic conditions, widely rumored graft and corruption, and growing political unrest. In early 1963 a military coup, led by Col. Enrique Peralta, overthrew Ydigoras' government.

The Peralta regime (with Colonel Peralta as Chief of Government) launched a successful program of honesty in government, tightened budget controls, and restored order in what had become a chaotic public administration.

In accordance with the government's timetable for a return to constitutionality, a constituent assembly elected in May 1964 wrote a new constitution which was promulgated in September 1965. National elections were held in March 1966 for president, vice president, congress, and local officials. Because none of the three presidential candidates won an absolute majority of the votes, the presidential election was decided in May 1966 by the new Congress elected 2 months earlier. This Congress elected Julio Cesar Mendez-Montenegro as President.

### GOVERNMENT

Julio Cesar Mendez-Montenegro was inaugurated as President of Guatemala and Clemente Marroquin-Rojas as Vice President, for 4-year terms, on July 1, 1966. The President governs with a Cabinet of 10 ministers. An advisory body, called the Council of State, is made up of representatives of various sectors of national life (such as business, labor, and agriculture) and is presided over by the Vice President. The Supreme Court is elected by Congress for 4-year terms.

The President, the Vice President, and 30 members of the 55-seat, unicameral Congress (also elected for a 4-year term) belong to the Revolutionary Party. The minority parties represented in Congress are the Democratic Institutional Party (20 seats) and the National Liberation Movement (5 seats). Not represented in Congress but also enjoying legal status as an official political party







is the Guatemalan Christian Democratic Party. The Guatemalan Labor Party (Guatemala's Communist party) is outlawed as are Guatemala's two groups of Communist-led insurgents—the Rebel Armed Forces and the November 13th Revolutionary Movement.

## ECONOMY

Guatemala has been enjoying modest prosperity since 1963. The gross national product (GNP) has reached an estimated record of 1.4 billion quetzales (the quetzal has long been on a par with the U.S. dollar), amounting to another GNP record of about 300 quetzales per capita. For the past 3 years the per capita GNP has grown at an average rate of 3.2 percent.

While these are notable accomplishments, there are wide disparities of income distribution. Guatemala needs to incorporate the rural Indian masses into the national economy and to incorporate both Indian and ladino rural masses into the socio-economic progress of the nation.

## Trade

A major reason for Guatemala's economic upturn has been a factor not under its control—world prices of the nation's chief export commodities. This factor is highly important because Guatemala is still primarily agricultural and largely dependent on agricultural exports. Guatemala's foreign trade in 1965 is estimated to have reached a record total of Q 407 million. Exports comprised Q 193 million of this total and imports Q 214 million, leaving an unfavorable balance of trade of Q 21 million.

Although Guatemala's dependence on coffee exports is decreasing, in 1965 coffee still amounted to 47 percent of all exports. The other principal exports in order of importance are cotton, meat, sugar, bananas, and essential oils (citronella and lemon grass). The United States is Guatemala's chief trading partner, taking 37 percent of its exports and sending to it 43 percent of U.S. imports in 1965.

Guatemala has had exchange controls since 1962. At present, however, they do not prevent remittance of profits and dividends on foreign investment.

Guatemala has been in the forefront of the Central American economic integration movement in recent years. With the implementation of Central American Common Market agreements, trade within Central America has increased greatly, thus adding a significant stimulus to industrialization in Guatemala and other countries in the region.

## U.S. Assistance

The United States has provided Guatemala with substantial amounts of Food for Peace commodities and capital and technical assistance. From fiscal year (FY) 1953 through FY 1965 U.S. assistance totaled \$180 million. For FY 1966, assistance

totaled \$2.6 million in grants (including overhead expenses), \$1.6 in loans, and \$2.2 million in Food for Peace commodities. Most of our economic and technical assistance has gone and still goes into health, housing, transportation, agriculture, public administration, education, and school construction programs. Foreign financial and technical help to various Guatemalan development projects comes not only from the Agency for International Development (AID) and other U.S. Government agencies (such as the Export-Import Bank and the Bureau of Public Roads), but also from the several international lending institutions.

## FOREIGN RELATIONS

In foreign relations Guatemala's principal long-standing problem is the historic dispute with the United Kingdom over British Honduras, a largely self-governing British colony bordering Guatemala. Because of this dispute, in which Guatemala makes claim to British Honduras, Guatemala has no diplomatic relations with the United Kingdom. At the request of both nations the United States has undertaken to mediate the dispute.

Guatemala has had no relations with the Castro dictatorship in Cuba since 1960 and has been in the forefront in Latin American efforts to counter the Communist-Cuban threat.

## PRINCIPAL GOVERNMENT OFFICIALS\*

President—Julio Cesar MENDEZ-Montenegro  
Vice President—Clemente MARROQUIN-Rojas  
President of Congress—Mario FUENTES-Pieruccini  
President of Supreme Court—Justo Rufino MORALES  
Minister of Foreign Relations—Emilio ARENALES-Catalan  
Minister of Defense—Col. Rafael ARRIAGA-Bosque  
Minister of Finance and Public Credit—Alberto FUENTES-Mohr  
Minister of Economy—Isidro LEMUS-Dimas  
Minister of Communications and Public Works—Oscar Humberto CASTANEDA-Fernandez  
Minister of Agriculture—Francisco MONTENEGRO-Giron  
Minister of Education—Carlos MARTINEZ-Duran  
Minister of Public Health—Dr. Emilio POITEVIN-Cruz  
Minister of Government (Interior)—Hector MAN-SILLA-Pinto  
Minister of Labor—Roberto BARILLAS-Izaguirre

## PRINCIPAL U.S. OFFICIALS\*

Ambassador—John Gordon Mein  
Counselor of Embassy—Viron P. Vaky  
Director, U.S. AID Mission—Marvin Weissman

\*As of October 1966.



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Washington, D.C., 20402 - Price 5 cents

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Office of Media Services  
Bureau of Public Affairs



# Background Notes

## MEXICO



Population: 44.2 million

Capital: Mexico City

Mexico is located immediately south of the United States and covers 760,000 square miles. It is about one-fourth the size of the United States and the third largest country in Latin America in area. The topography of the country is varied, ranging from low desert plains and jungle-like coastal strips to high plateaus and rugged mountains. Beginning at the Isthmus of Tehuantepec in southern Mexico, an extension of the South American mountain range runs north almost to Mexico City, where it divides to form two coastal ranges. Between these ranges lies the great central plateau, a rugged tableland 1,500 miles long and up to 500 miles wide. From a low desert plain in the north, it rises to 8,000 feet near Mexico City, the capital.

Mexico's climate is in general more closely related to altitude and rainfall than to latitude. Most of Mexico is dry; only about 12 percent of the total area receives adequate rainfall in all seasons, while about half is deficient in moisture throughout the year. Temperatures range from tropical in the coastal lowlands to cool in the higher elevations.

The Mexican flag is comprised of vertical green, white, and red stripes, with an eagle, standing on a cactus and holding a snake in its beak, in the middle of the center white stripe. This coat of arms illustrates an old Aztec legend: The wandering nation was to find an island home in a lake by whose shores cactus grew. On one cactus the Aztecs would see an eagle holding a snake in its beak. The green, white, and red stripes represent independence, religion, and union.

### THE PEOPLE

With 44.2 million inhabitants, Mexico is the second largest of the Latin American republics in terms of population. The rate of growth is currently 3.6 percent. Over half of the people live in central Mexico; however, significant internal population shifts have been occurring over the past two decades. Many Mexicans are migrating from areas lacking in job opportunities—such as the underdeveloped southern States and the crowded central plateau—to the industrializing urban centers and the developing border areas of the northern States. The Government is seeking

to reverse this trend and has launched a major development program for the south. Between 1950 and 1960 the population of the Federal District, which includes Mexico City proper, increased by 60 percent—from 3 million to nearly 5 million. The northwestern region also had a sharp rise—55 percent as compared to the national average of 31 percent. The cities of Guadalajara and Monterrey and other urban areas showed large increases as well.

Almost two-thirds of the Mexicans are mes-tizos of mixed Indian and Spanish descent, the Indian being predominant. The remainder of the people are chiefly pure Indian, while a few are of Spanish or other European ancestry.

Spanish is the official language, and about 70 percent of the people 6 years of age and over are literate. Most Mexicans profess the Roman Catholic faith.

### HISTORY

An advanced Indian civilization existed in Mexico prior to the Spanish conquest of the area. The chief Indian cultures were the Maya, the Toltec, and the Aztec. Hernán Cortés conquered Mexico in 1519-21 and founded a Spanish colony which lasted nearly 300 years. Independence from Spain was proclaimed by Father Hidalgo on September 16, 1810, and the republic was established on December 6, 1822. Prominent in the War for Independence were Father José María Morelos, Gen. Agustín de Iturbide, who vanquished the Spaniards and ruled as Emperor for a short period, Gen. Guadalupe Victoria, who became first President, and Gen. Antonio López de Santa Ana, who later controlled Mexican politics from 1833 to 1855. Santa Ana was the Mexican leader during the conflict with Texas, which declared itself independent from Mexico in 1836, and during the war with the United States, declared in 1846. The presidential terms of Benito Juárez, 1858 to 1871, were interrupted by the period of the Empire. Archduke Maximilian of Austria, established by Napoleon III of France as Emperor of Mexico in 1865, was deposed by Juárez and executed in 1867. Gen. Porfirio Díaz was President during most of the period 1877-1910.

Mexico's drastic social and economic problems finally erupted in the revolution of 1910. Prominent leaders in the revolution—some rivals for power—were Francisco I. Madero, Venustiano Carranza, Pancho Villa, and Emiliano Zapata. The Revolutionary Party, under various names







and after a number of reorganizations (now known as the Partido Revolucionario Institucional—PRI), continues to be by far the most important political force in the nation.

## GOVERNMENT

The Mexican Constitution of February 5, 1917, provides for a Federal Republic, now composed of 29 States, two Federal Territories, and the Federal District in which the capital is located. Legislative power is vested in a bicameral Congress made up of 60 Senators (two from each State and the Federal District) and 210 Deputies. A constitutional amendment of 1962 permits a varying number of additional Deputies to represent minority political parties which receive a stated percentage of the vote.

The President and the Congress are elected by direct popular vote; the President is elected for a 6-year term and Senators and Deputies for 6 and 3 years respectively. Consecutive reelection to the Congress is prohibited, and the President may not hold office a second time. There is no Vice President. In case of the removal or death of the President, a Provisional President is elected by the Senate. The executive is by far the most powerful of the three branches of government.

The Mexican Congress is empowered to legislate on all matters pertaining to the national Government. The President has executive power, promulgates and executes the laws of the Congress, and by delegation from the Congress legislates by executive decree in certain economic and financial fields. Powers not expressly vested in the Federal Government are reserved to the States, but the States' powers are much less extensive than are those of the States of the United States.

The judicial system consists of local and federal courts and a Supreme Court of 21 justices.

## POLITICAL CONDITIONS

The current President of Mexico is Gustavo Diaz Ordaz, whose term of office commenced December 1, 1964, and ends November 30, 1970. The President is a career public servant and has held various important government positions including that of Secretary of Government (Interior) in the previous administration (1958-64). President Diaz Ordaz (family name as used is always Diaz Ordaz) has appointed experienced and capable advisers as his cabinet ministers.

The Partido Revolucionario Institucional (Institutional Revolutionary Party—PRI) has been the dominant political force in Mexico since 1929, electing not only all its presidential candidates but nearly all candidates for congressional and State elective offices. Membership in the PRI is on a group basis. All groups are organized into three broad sectors—labor,

agrarian, and popular—from which candidates for elective offices are selected. The PRI's success at the polls generally is attributed to an effective, grassroots political organization, and to an ability to identify itself with the aspirations of the Mexican people for economic and social progress. There are a number of opposition parties, but these are small and have had very limited success in achieving elective office.

Marxist opposition to the Government is present, but small and badly split by internal differences reflecting personality conflicts within the movement as well as policy splits between Communist China, the U.S.S.R., and Cuba's Castro. The main Communist group is the Partido Comunista Mexicano (PCM), a small, ineffective group which follows the Soviet line. A larger Marxist party which participates in Mexican elections is the Partido Popular Socialista (PPS). The PPS is dominated by its leader, Vicente Lombardo Toledano, and while its views parallel those of the Soviets, it carefully refrains from advocating violence or outright opposition to the goals of the Mexican Revolution. Cuban Communists recognize an amorphous, front organization, the Movimiento de Liberacion Nacional (MLN). A minute, radical group of Mexican "Trotskyites" follow Chinese Communist views.

The principal party to the right of the PRI is the Partido de Accion Nacional (PAN). The PAN ran a presidential candidate in the 1964 elections, the only minority party to do so, thus providing the only opposition to Diaz Ordaz and the PRI at the national level.

In 1962 the Congress revised the electoral law to provide that minority parties which poll at least 2.5 percent of the total vote in a national election are to receive, in addition to the seats won outright, 5 seats in the Chamber of Deputies plus an additional seat for each additional 5 percent of the vote polled up to a maximum of 20 seats. This change is designed to give the minority parties increased representation in the legislature. In the Congress elected in 1967 three minority parties share a total of 34 such "at large" seats.

## ECONOMY

The growth of the Mexican economy over the past two decades has been impressive. The average annual rate of increase in gross national product (GNP) from 1950 through 1966 was more than 6 percent after accounting for price changes. At the end of 1965 the general index of industrial production (1950 = 100) rose to 309.9; components included fuels (293.8), generation of electrical energy (430.1), and construction (313.4). In 1966 commerce, manufacturing, and electric energy were the sectors appearing to advance most rapidly, registering increases over 1965 levels ranging from 8 percent



to almost 15 percent. Mining and agriculture registered smaller growth. A high priority has been assigned by the Diaz Ordaz administration to improving the growth rate of lagging sectors, especially agriculture.

Mexico's sustained economic growth has reflected an evolution from a primary-production economy based on agriculture and mining to the more balanced economic structure of a semi-industrialized nation. The nation's economic achievements are due to a vigorous private enterprise sector and a government policy which has made economic development a major national objective. Public investment in roads, irrigation projects, electrification, railroads, and communications has brought into being a basic infrastructure capable of supporting a broad range of industrial activities.

## Trade

Another factor in Mexico's development has been its success in increasing and diversifying its exports. In 1939, minerals accounted for 65 percent of the value of exports; in 1966, only about 17 percent. In recent years, other leading exports by value were manufactured goods (19 percent), cotton (16 percent), coffee (8 percent), sugar (7 percent), fish (5 percent), and livestock and meat (4 percent). Exports of goods in 1966 amounted to \$1.2 billion and imports were \$1.6 billion. Net earnings on tourism and border transactions, which normally fill the gap in Mexico's commodity trade, amounted to \$381.8 million. An estimated 63 percent of Mexico's exports by value went to the United States, Mexico's most important trading partner, and 67 percent of Mexico's imports were from the United States. The Joint Mexican-U.S. Trade Committee, created in 1965, is expected to reinforce the upward trend in U.S.-Mexican trade.

## Economic Assistance

Although internal savings provide about 95 percent of gross investment, foreign financing has played a crucial supplemental role. The Mexican Government has received large credits from the United States and from international lending agencies. U.S. Government assistance to Mexico for fiscal years 1946 through 1966 amounted to more than \$1 billion, of which \$774 million was in project-type loans from the Export-Import Bank. The remainder included \$35.5 million in Social Progress Trust Fund loans administered by the Inter-American Development Bank, \$71.2 million in surplus agricultural commodities under Public Law 480, and \$66.5 million in loans provided by the Agency for International Development (AID) and its predecessor agencies. During this same period Mexico also received \$805.7 million in loans from international lending agencies.

In response to the Alliance for Progress, Mexico drew up an "Immediate Action Plan," which was put into effect in 1962. The plan, designed to set the stage for a longer-run development effort, calls for an annual increase in gross domestic product (GDP) of at least 5 percent for the 5-year period 1961-65 and 6 percent between 1966 and 1970. A significant part of the required investment is to be achieved through foreign borrowing.

Currently, Mexico's most pressing problem is to raise the living standards of its people, particularly in the rural sector. Although more than half of the economically active population is engaged in agriculture, agricultural production accounts for less than 20 percent of GNP. Mexico's rural half of the population has an annual per capita income of around \$125, compared with about \$650 for the average urban dweller. The pressure of population growth on the country's limited resources is a major obstacle to the attainment of higher individual incomes. With its population increasing at about 3.6 percent a year, Mexico's GNP must continue to grow more than 6 percent to achieve the goal of an annual increase in per capita income of 2.5 percent, set under the Alliance for Progress. For 1966 and 1967, the GNP rose 7.5 percent each year.

## FOREIGN POLICY

Mexico is a member of the Organization of American States and, as a signatory of the Inter-American Treaty of Reciprocal Assistance, is a part of the Western alliance. Mexico is one of the original members of the United Nations, and its U.N. representatives have played an important part in the disarmament activities of that body. Mexico adheres strictly to policies of self-determination and non-intervention.

In the international economic field Mexico supports agreements designed to stabilize international commodity prices and promote consumption of primary products. It has played a leading role in the Latin American Free Trade Association (LAFTA)—an agreement between nine Latin American countries to lower tariff barriers among themselves. It is also interested in expanding its trade and investments with the Central American Common Market (CACM).

## U.S. POLICY

Mexican-U.S. relations are characterized by close cooperation, cordiality, and mutual respect. The most notable recent development was the settlement of a century-old border dispute involving a piece of territory at El Paso, Tex., known as El Chamizal. The two countries signed a convention in 1963 under which territory in the Chamizal and adjacent areas will be exchanged, and Mexico will gain a net 437 acres. The



exchange is expected to take place October 28, 1967.

The United States includes the following objectives in its foreign policy with regard to Mexico:

- . To maintain friendly relations and assure maximum cooperation between Mexico and the United States;

- . To encourage maximum Mexican cooperation in combating the intervention of international communism in the affairs of the hemisphere;

- . To cooperate in the development of a modern economy, linked with that of other hemisphere countries, including the United States, through a mutually beneficial system of trade and investment;

- . To encourage active participation of U.S. private investment in the form needed by Mexico for its economic growth;

- . To settle all differences in the spirit of mutual respect and neighborly understanding.

## PRINCIPAL GOVERNMENT OFFICIALS

President—Gustavo Diaz Ordaz

### Cabinet

Government—Luis Echeverria

Foreign Relations—Antonio Carrillo Flores

National Defense—Gen. Marcelino Garcia Barragan

Navy—Adm. Antonio Vazquez del Mercado

Finance—Antonio Ortiz Mena

National Patrimony—Vacant

Industry and Commerce—Octaviano Campos Salas

Agriculture and Livestock—Juan Gil Preciado

Communications and Transportation — José Antonio Padilla Segura

Hydraulic Resources—José Hernandez Teran

Public Education—Agustín Yáñez

Health and Assistance—Dr. Rafael Moreno Valle

Labor and Social Planning—Solomon Gonzales Blanco

The Presidency—Dr. Emilio Martinez Manautou

Agrarian Matters and Colonization—Norberto Aguirre Palancares

Tourism Department—Agustín Salvat

Federal District—Alfonso Corona del Rosal

Attorney General—Vacant

Attorney General of the Federal District and

Federal Territories—Gilberto Suarez Torres

Mexico maintains an Embassy in the United States at 2829 16th Street, N.W., Washington, D.C. 20009.

## PRINCIPAL U. S. OFFICIALS

Ambassador—Fulton Freeman

Minister Counselor—Henry Dearborn

Counselor for Political Affairs—Wallace Stuart

Counselor for Consular Affairs—Joseph Henderson

Counselor for Economic Affairs—H. Gardner Ainsworth

Counselor for Public Affairs—Albert Harkness, Jr.

The United States maintains an Embassy in Mexico City at Cor. Danubio and Paseo de la Reforma, 305, Colonia Cuauhtemoc. There are Consulates General at Guadalajara, Hermosillo, Monterrey, and Tijuana, and Consulates at Ciudad Juarez, Chihuahua, Matamoros, Mazatlan, Merida, Mexicali, Morelia, Nogales, Nuevo Laredo, Piedras Negras, San Luis Potosi, Tampico, and Veracruz.

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Cline, Howard F., Mexico: Revolution to Evolution, 1940-1960, London and New York, Oxford University, 1962. (Complements above volume, with emphasis on 1950-60.)

Gruening, Ernest, Mexico and Its Heritage, New York, Century, 1928. (A relatively early attempt by a present Senator from Alaska to survey all significant aspects of Mexican society for the purpose of explaining its twentieth-century economic and political characteristics.)

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Pan American Union, Mexico, Washington, D.C., rev., 1959. (A concise presentation in about 50 pages of basic background, including geography, history, government, economy, and culture.)

Parkes, Henry Bamford, A History of Mexico, Boston, Houghton, 3d ed., rev. and enl., 1960. (Standard and readable. Political history with sympathetic insight and wealth of interpretation from liberal viewpoint. Bibliography of Spanish titles.)

Paz, Octavio, The Labyrinth of Solitude, Life and Thought in Mexico, New York, 1961. (Nine essays, first published in 1950, by a serious and talented Mexican, regarded by Cline as required reading.)

Ramos, Samuel, Profile of Man and Culture in Mexico, University of Texas, 1962, McGraw,

1963. (Cline comments: "Work of a major Mexican pensador . . . unmatched in any language.")
- Simpson, Eyler N., The Ejido, Mexico's Way Out, Chapel Hill, University of North Carolina, 1937. (Adhering to the thesis that the communal farm is the solution to Mexico's agrarian problem, this is a profound study of the historical, legal, political, economic, and sociological aspects of one of Mexico's most fundamental and enduring questions, distribution of land. Ends with 1933.)
- Simpson, Lesley Byrd, Many Mexicos, Berkeley and Los Angeles, University of California, 3d ed., 1952. (Brilliant historical interpretation of the many ancient complexities, human and institutional, that render Mexico sometimes so baffling. Excellent chapter on the influence of topography and climate, which explains the title.)
- Tannenbaum, Frank, Mexico: The Struggle for Peace and Bread, New York, Knopf, 1951. (One of several books by Tannenbaum on Mexico. Well-grounded interpretation of how Mexico came to be as it is—politically, socially, and economically. Makes for the future some recommendations which have occasioned contention in Mexico.)
- Vernon, Raymond, The Dilemma of Mexico's Development, Cambridge and Harvard Universities, 1963. (One of several "country studies" undertaken by Harvard's Center for International Affairs on the relationship of government to private enterprise in economic development. Pessimistic on question whether Mexico can maintain economic momentum.)
- Whetten, Nathan L., Rural Mexico, Chicago, University of Chicago, 1948. (Prodigious in factual content, it is essentially a sociological study of the Mexican Revolution as a process, dealing with urban as well as rural Mexico. Although it carries Simpson's Ejido from 1933 to 1945, it is itself now somewhat out-of-date.)

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## LIST OF COUNTRIES

Background Notes are short, factual pamphlets about various nations of the world which provide information on the land, people, history, government, economy, and foreign relations of each country. Most include a short statement of U.S. policy, as well as a map and brief bibliography.

Listed below are those now available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. All Background Notes are 5 cents per copy unless otherwise indicated.

- |   |                                  |  |
|---|----------------------------------|--|
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| Albania (pub. 8217)                         | Guatemala (pub. 7798)            | Peru (pub. 7799)                         |
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# Background Notes

## ARGENTINA



Population: 22 million  
Capital: Buenos Aires

The Argentine Republic, located in southern South America, has an area of 1,080,000 square miles—about the same size as the United States east of the Mississippi River. Argentina is bounded on the west by Chile, on the north by Bolivia and Paraguay, on the northeast by Brazil and Uruguay, and on the east and south by the Atlantic Ocean. Extending 2,300 miles from north to south and with a coastline of 1,600 miles, Argentina is the second largest country in the southern continent. Its topography and climate range from the hot, subtropical lowlands of the north to the towering Andean Mountains in the west and the bleak, wind-swept Patagonian steppe and rainy Tierra del Fuego in the south. The heartland of Argentina is the rich, temperate plains area known as the pampa, which fans out for almost 500 miles from Buenos Aires in the east-central sector of the country. Containing some of the richest topsoil in the world, the pampa is cultivated extensively in wheat and corn, and provides year-round pasturage for most of Argentina's 45 million head of beef cattle.

Emblazoned in the center of the Argentine flag is the "Sun of May," commemorating freedom from Spain; it depicts liberty's rays bursting upon Argentinians on May 25, 1810. Horizontal blue (top and bottom) and white (center) bands honor the 19th-century "Patricios" regiment.

### THE PEOPLE

More than one-third of the nation's population of 22 million is centered in and around Buenos Aires, the world's seventh largest city and the largest in the southern hemisphere.

Ethnically, Argentina is a fusion of national groups; 97 percent of the population are Caucasian, mostly of European origin. Italian and Spanish strains predominate, but there are many persons (roughly 22 percent) of German and Central European origin. There are also about 700,000 persons of Arab descent, most of them Lebanese Christians. The Indian and mestizo population, estimated at 650,000, is concentrated in the peripheral Provinces of the north, northwest, and south.

About 94 percent of the Argentines are Roman Catholics. There is a small (2 percent) but active Protestant minority. The Jewish community numbers about 450,000.

Spanish is the language of the country. English is spoken by a limited but increasing number of

people, particularly in the larger cities and within the business and professional classes. Italian, German, and French also are heard frequently. There are 12 daily newspapers published in Buenos Aires, including 2 in German, and 1 each in Italian, Yiddish, and English. The literacy rate, estimated at 86 percent, is the highest in Latin America. Literary and artistic tastes have been molded largely by Western European and, more recently, U.S. influences.

### HISTORY

What is now Argentina was discovered in 1516 by the Spanish navigator Juan Díaz Solís. A permanent Spanish colony was established on the site of Buenos Aires in 1580. The Vice Royalty of Rio de la Plata was established in 1776, and Buenos Aires became a flourishing port. The country, then known as the United Provinces of the River Plate, took its first step toward independence in the "May Revolution" of May 25, 1810. Independence from Spain was not declared formally, however, until July 9, 1816. The leader of the liberation campaign, Gen. José de San Martín, is Argentina's national hero.

Following the decisive defeat of the Spaniards, Argentina experienced several decades of political anarchy, with a long struggle between proponents of government centralization and decentralization a principal cause. The nation finally found unity in 1853 with the overthrow of the tyrannical "federal" regime of Juan Manuel Rosas and the adoption of a Constitution.

Conservative political forces dominated Argentina until 1916, when their traditional political rivals, the Radicals, won control of the Government. The Radicals were in power until 1930, when the Conservatives regained control following a military coup d'état which deposed President Hipólito Irigoyen. Another military revolution took place in 1943, from which Col. Juan D. Perón emerged to prominence and power. Elected President in 1946 and reelected in 1951, Perón was overthrown by a military revolt on September 16, 1955. A *de facto* Provisional Government, first under Gen. Eduardo Lonardi and later under Gen. Pedro E. Aramburu, held power until 1958, when Arturo Frondizi of the Intransigent Radical Party (UCRI) was elected President with the support of the Peronists.

After repeated crises arising from military and other opposition to Frondizi's policies, the Armed Forces overthrew Frondizi on March 29, 1962, and gave their tacit support to an interim Government headed by Dr. José María Guido, Provisional







President of the Senate and next in the line of presidential succession. The immediate cause of Frondizi's downfall was the fact that the Peronists polled one-third of the popular vote in the elections of March 18, 1962, electing 47 National Deputies and 10 Provincial Governors. The Provisional Government annulled the results of the elections and dissolved the National Congress. The Guido regime convened new elections on July 7, 1963, and Dr. Arturo Illia of the People's Radical Party (UCRP) was elected President. He took office on October 12, 1963, and ruled until June 1966 when the military, charging that he was not taking vigorous enough action to solve the nation's economic problems (primarily inflation, a heavy short-term debt burden, and a large budgetary deficit), ousted him in a bloodless coup.

## GOVERNMENT

Argentina has been ruled since June 1966 by a *de facto* Government headed by Lt. Gen. Juan Carlos Onganía, President of the Republic. The country consists of 22 Provinces, a Federal Capital District (Buenos Aires), and the National Territory of Tierra del Fuego. The Argentine Constitution, which is patterned on that of the United States, calls for a separation of powers into executive, legislative, and judicial branches on both the national and provincial levels. However, the "Statutes of the Revolution," which were issued after the June 1966 coup, placed both the executive and legislative functions in the office of the Presidency since the national and provincial legislatures were dissolved by the revolutionary decree. The elected Provincial Governors also were removed and new Governors appointed by the President. The civil liberties specified by the Constitution, and other portions of the Constitution that did not conflict with the "Statutes of the Revolution," however, remain in force.

The Argentine judiciary functions as a separate and independent entity of government. The new regime, on assuming power, replaced the members of the Supreme Court but otherwise has not interfered with judicial functions. The Argentine Supreme Court has the power, first asserted in 1854, to declare legislative acts unconstitutional.

The present Government has indicated its intention to remain in power for such time as it deems necessary to provide sufficient economic progress and political stability to allow the return of normal political activity.

The basic objectives of the Argentine Government are the promotion of domestic unity and cooperation and the implementation of a program to provide more rapid and better-balanced economic and social growth.

## POLITICAL CONDITIONS

For the greater part of the present century, political activity in Argentina was dominated by two parties, the Conservatives and the Radicals. Perón,

through his alliance with the labor unions, the support of the masses, and his "social justice" doctrine, effectively ended the two-party system. The older parties—the Radicals, the Conservatives, and the Socialists—have fractionalized; the Peronist movement, the largest cohesive bloc of political strength, had been proscribed from participating fully in the nation's political life from Perón's downfall in 1955 until 1965, and had become split seriously. The Peronists participated in the 1965 congressional elections and, by virtue of capturing 37 percent of the vote, emerged as the largest single political force in Argentina. They had been expected to make further gains in the now canceled 1967 congressional and gubernatorial elections.

The new regime has suspended all political parties and activities.

Organized labor includes 2-1/2 million workers, about 45 percent of the total labor force. The General Labor Confederation (CGT), comprised of the Peronist "62-bloc" and the rival "independent bloc" of unions, represents 85 percent of organized labor. Two small blocs account for the remaining union membership: the "32-bloc" of democratic unions, and the Communist-dominated Movement of Unity and Union Coordination (MUCS).

Membership in the Communist Party is estimated at 65,000, with another 100,000 sympathizers. Party leaders have followed the Soviet Union's peaceful coexistence line, and have managed to resist efforts by pro-Chinese or Castroite Communists to gain control.

## ECONOMY

Despite its impressive human and natural resources, political turbulence and economic difficulties in the postwar period have prevented Argentina from realizing fully its considerable potential. When the Illia Government assumed office in October 1963, it inherited an unbalanced budget, serious fiscal problems, and a sizable foreign debt.

A severe economic depression, which began in late 1961, leveled out in early 1963, and there has been substantial recovery since then. In 1964 and 1965, assisted by heavy grain crops, there was a pronounced increase in industrial and commercial activity, a reduction in unemployment, and a favorable balance of foreign trade. Nevertheless, the budget deficit in fiscal years 1964 and 1965 remained high. There has been, however, substantial progress in the repayment of foreign debt and in the building up of central bank reserves. The new Government hopes to reduce its budget deficit largely through increased revenues resulting from tax reforms, and from the reduction of Government expenditures. As in the past, about half the deficit results from losses incurred by state enterprises, principally the railways. The new Government has indicated its intention of eliminating this drain on Government funds.

The gross national product (GNP), which declined in 1963, increased by approximately 7 percent in 1964 and 1965 and now is estimated at more than



\$500 per capita. Inflation (38 percent in 1965) remains a serious problem.

## Trade

Argentina, one of the world's leading trading countries, attained a favorable balance of foreign trade in 1963, 1964, and 1965, due in large part to its bumper crops of wheat and corn, a high level of world meat prices, and restrictions on imports of both capital and consumer goods. The Government instituted a system of exchange controls in early 1964, designed to curb speculation and to conserve foreign exchange. The exchange value of the peso is 350 pesos to the U.S. dollar (April 1967).

Agricultural and livestock products have accounted traditionally for more than 90 percent of Argentina's export earnings, and probably will continue to do so for some time to come. Principal Argentine exports are cereals and flax, meat, wool, and hides. Well over half of Argentina's export trade is with Western Europe. The United Kingdom is the biggest buyer and has special prominence as a market for Argentine beef. The Netherlands, Italy, and the United States also are major consumers of Argentine products. Communist China became Argentina's largest single customer for its bumper grain crop in 1964-65.

Principal Argentine imports are machinery (including vehicles and parts), iron and steel, fuels, nonferrous metals, chemicals, lumber, and other raw materials for local processing. Major supplying countries are the United States, Germany, the United Kingdom, and Italy.

## Foreign Debts

Argentina continues to carry a heavy burden of short-term foreign debt, built up by borrowing for development projects, commercial imports, and balance-of-payments support. When a balance-of-payments crisis occurred in late 1958, Argentina adopted a stabilization program and obtained assistance from the International Monetary Fund (IMF), the U.S. Treasury, the Export-Import Bank, and private U.S. and European banks. Argentina was able to rebuild rapidly in 1959 and 1960, but by mid-1962 another balance-of-payments crisis loomed, and the Argentine Government renegotiated payment schedules on its public overseas debt and signed new standby agreements with the IMF and the U.S. Treasury. In 1965 Argentina again negotiated a partial rescheduling of its foreign debt.

Argentina's public foreign debt is estimated at 2.4 billion, more than half of which is owed to Western Europe and Japan, a quarter to the United States, and 10 percent to international lending agencies including the IMF and the World Bank.

## U. S. Assistance

Since the signing of the Economic and Technical Assistance Cooperation Agreement with Argentina in 1957, the Agency for International Development (and its predecessor agencies) has authorized development loans totaling \$135.3 million for a variety of projects including roadbuilding, housing, feasibility studies, and agricultural technology. Of this total, \$25.7 million subsequently was canceled because of various problems that arose in connection with the projects. In the field of technical cooperation, our programs have averaged about \$1.8 million per year. The program for fiscal year 1967 totals \$1.4 million, and concentrates on assisting Argentina in improving its public administration including tax collection, improving agricultural education, attempting to eradicate hoof-and-mouth disease, and strengthening higher education in certain fields.

The American business community in Argentina is large and active, with many major U.S. companies represented. More than 260 U.S. firms maintain subsidiaries in Argentina, or conduct business through agents. U.S. investment is estimated at \$1 billion, and more than 7,000 U.S. citizens reside in Argentina.

## Current Problems

Investment Guarantee Agreement. An investment guarantee agreement between Argentina and the United States has been in effect since May 1961, providing for nonconvertibility insurance. A protocol to the agreement was signed on June 5, 1963, providing for expropriation, war risk, civil strife, and other coverage. The protocol took effect provisionally, pending ratification. Such ratification is still pending.

U.S. Import Restrictions. Argentina's export trade is critical to the country's economic health. The customary substantial imbalance in favor of the United States in its trade with Argentina frequently is commented on, and Argentines react strongly to U.S. policies which they believe tend to limit their export possibilities. The validity of U.S. sanitary prohibitions on imports of Argentine meat products has never been conceded, although there has been some appreciation of recent U.S. contributions to hoof-and-mouth disease research programs in Argentina.

## FOREIGN RELATIONS

Argentina is an active charter member of both the United Nations and the Organization of American States, and participates fully in the work of those organizations.

Argentina maintains diplomatic relations with the Soviet Union, Poland, Czechoslovakia, Hungary, Bulgaria, and Romania, but does not maintain relations with Communist China, Cuba, or East Germany. Trade with the Communist bloc, consisting



largely of exports of Argentine agricultural products, came to slightly over \$100 million in the first quarter of 1966.

## U. S. POLICY

The principal U.S. objective is to assist Argentina in achieving, within the framework of democratic institutions, self-sustaining growth characterized by increasing national wealth shared among all sectors of the population.

## PRINCIPAL GOVERNMENT OFFICIALS

President—Lt. Gen. Juan Carlos Onganía  
Minister of Interior—Dr. Guillermo Borda  
Minister of Foreign Relations and Worship—Dr. Nicanor Costa Mendez  
Minister of National Defense—Dr. Antonio Lanusse  
Minister of Economy and Labor—Dr. Adalberto Krieger Vasena  
Minister of Social Welfare—Dr. Julio Emilio Alvarez  
Ambassador to the United States—Alvaro Alsogaray

Argentina maintains an Embassy in the United States at 1600 New Hampshire Avenue, N.W., Washington, D.C. 20036. There are also consuls general in New York, New Orleans, and San Francisco; and consuls in Boston, Chicago, Houston, Los Angeles, and Miami.

## PRINCIPAL U. S. OFFICIALS

Ambassador—Edwin M. Martin  
Minister-Counselor, Deputy Chief of Mission—Leonard J. Saccio  
Director of U.S. AID—Richard Lippincott  
Counselor for Political Affairs—Ellwood M. Rabenold, Jr.  
Counselor for Economic and Commercial Affairs—Albert P. Mayo  
Commercial Attaché—John F. Troy  
Counselor for Public Affairs—John P. McKnight  
Counselor for Administration—Robert M. Marr  
Army Attaché—Col. Warren C. Chapman  
Naval Attaché—Capt. John E. Tefft  
Air Attaché—Col. Lowell E. May  
Consul General—Elmer E. Yelton

The United States maintains an Embassy at Buenos Aires at Sarmiento 633.

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# Background Notes

## BRAZIL



Population: 85 million (1966 est.)

Capital: Brasília

Encompassing an area greater than the continental United States, Brazil embodies almost half of the landmass of South America, sharing common frontiers with every nation except Ecuador and Chile. It has a South Atlantic seaboard of over 4,570 miles and is divided into four distinct major regions: (1) the undeveloped tropical basin of the Amazon River, (2) the semiarid scrub land of the northeast, (3) the agricultural and mineral heartland of the south-central plains and uplands, and (4) the narrow, humid coastal belt extending from Natal to Porto Alegre. Brazil possesses innumerable natural resources, but many of these have not yet been exploited.

The Brazilian flag consists of a blue globe, with stars and a strip with the words "ordem e progresso," inside a yellow diamond, on a green field. The blue globe represents the sky. The symbol of vastness is appropriate—the only Portuguese-speaking nation in the New World sprawls over nearly half of South America. The 23 stars refer to Brazil's 22 States and the new capital, Brasília. Yellow and green signify the country's mineral and forest wealth.

### THE PEOPLE

The bulk of the population is concentrated in the south-central area that includes the industrial complex of the city of São Paulo (4.5 million) and the city of Rio de Janeiro (4 million). Approximately a quarter of the population is found in the northeast where Recife (1.3 million), the third largest city, is located. About 63 percent of the population live in rural areas, though there is an increasing trend toward urbanization. This rapid urban growth has created serious economic, social, and political problems and has resulted in the development of large slum areas (*favelas*).

The basic Brazilian ethnic stock is Portuguese, but it has important, and largely assimilated, African and American Indian components. Since the end of the last century there has been an influx of immigrants, chiefly Italian, German, and Japanese, in the central and southern parts of the country. Despite class distinctions, national solidarity is strong in Brazil because practically all of the people have the same language and religion and there is an almost total lack of friction between the different racial groups.

The Portuguese language is used throughout the country. Since World War II English has replaced

French as a second language among most of the well-educated. Over half the population is believed to be literate.

Brazil is predominantly (96 percent) Roman Catholic, but the church does not enjoy as influential a role in Brazil as it does in some other Latin American countries.

### HISTORY

Brazil was discovered in 1500 by the Portuguese navigator Pedro Cabral and was ruled as a Portuguese colony until it declared its independence under Dom Pedro I in 1822. Dom Pedro I and Dom Pedro II reigned over Brazil until 1889 when a Federal Republic was proclaimed. This first Republic lasted until 1930, when it was overthrown by Getulio Vargas, who ruled until his resignation in 1945.

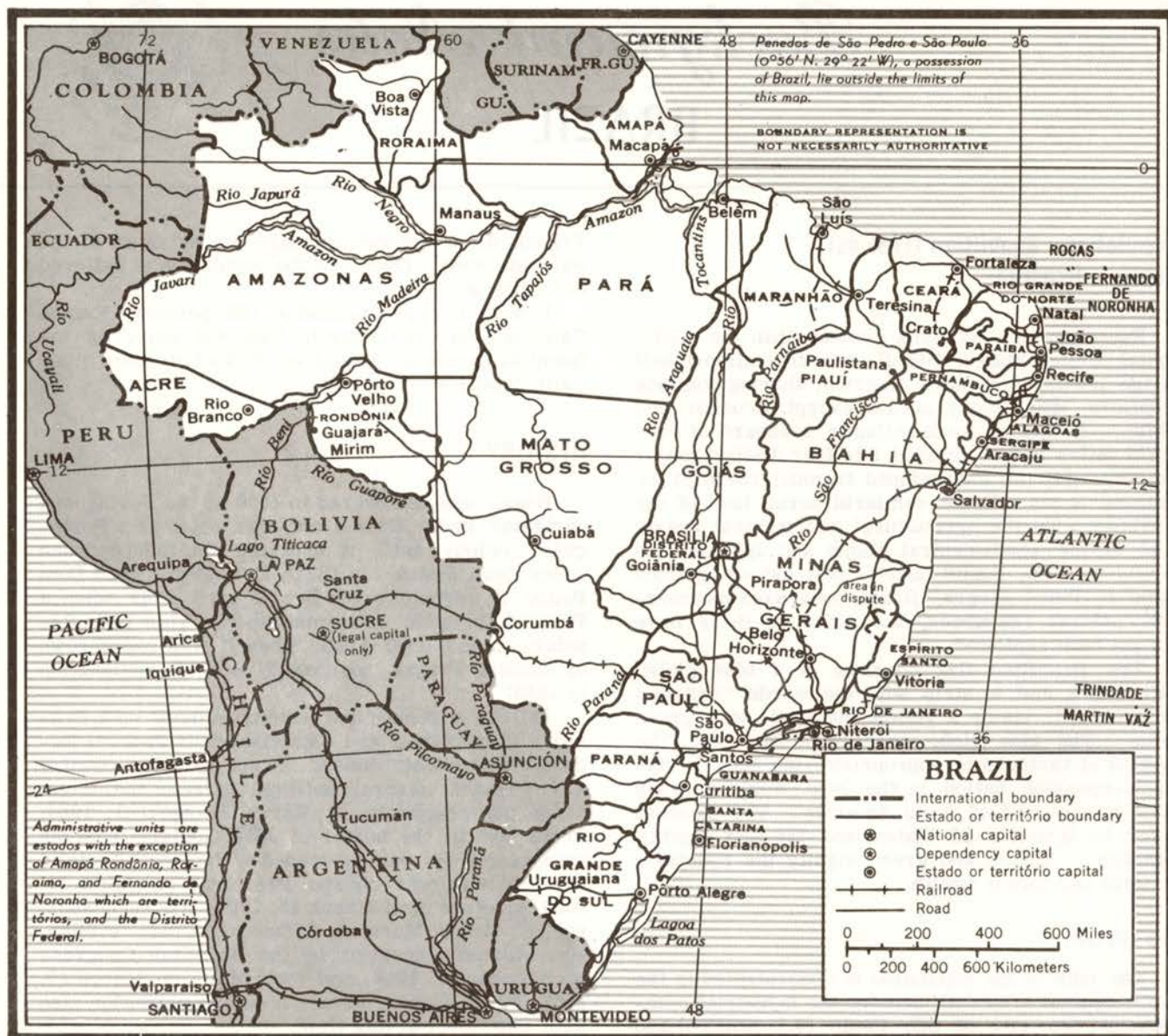
In 1946 a constituent assembly drew up a Brazilian Constitution and established the Federal Republic that exists today. Since 1945 the country has endured several political crises, the latest being the revolution of March 31-April 1, 1964, which led to the ouster of João Goulart from the presidency. He was succeeded by Humberto Castello Branco, who was chosen President on April 11, 1964, to serve until March 15, 1967. His successor, retired Army Marshal Arthur da Costa e Silva, was elected President by the Brazilian Congress on October 3, 1966, and took office on March 15, 1967, for a 4-year term. A new Constitution also went into effect at this time.

### GOVERNMENT

According to the Constitution of 1967, Brazil is a Federal Republic with broad powers granted to the Union. There are 22 States, 4 territories, and a Federal District (Brasília). All powers not explicitly or implicitly forbidden them are reserved to the States, which are empowered to establish their own constitutions and governments in accordance with the fundamental principles of the Federal Constitution. The autonomy of the municipalities, which are the only territorial subdivisions of the States, also is guaranteed by constitutional provisions. In practice, the broad powers granted the Union and the financial weakness of the States and municipalities have made for a strongly centralized system.

At the national level the Constitution establishes a presidential system with three "independent and harmonious powers," the President, the Congress,





and the courts. It forbids the delegation of powers and provides a series of mutual checks and balances. The framework of the State and local governments closely parallels that of the Federal Government. The President is the head of the executive branch. He is assisted by a Vice President, a Cabinet made up of the ministers who head the principal executive ministries, and a number of specialized administrative and advisory bodies. Despite the superficial similarity between the Governments of Brazil and the United States, the Brazilian President normally plays a more predominant role in national affairs than does his American counterpart. The Constitution gives the Chief Executive the power to declare a state of siege and intervene in the individual States when he determines that conditions warrant such action.

The National Congress is bicameral. The 66 members of the Senate (3 from each State) are elected for 8-year terms. The 409 members of the Chamber of Deputies (elected at large in each State and territory on a basis of modified proportional representation) serve for 4 years.

The former 13 political parties were abolished by the Second Institutional Act in 1965 and, pending establishment of new parties under a reformed electoral law, two political organizations, the pro-Government National Renovation Alliance (ARENA) and the opposition Brazilian Democratic Movement (MDB), were formed. ARENA was immediately joined by two-thirds of the members of each chamber of Congress, and by majorities in almost all State assemblies, and it retained this margin in direct, popular congressional and State elections held on November 15, 1966.



## ECONOMY

Historically, Brazil's economy has been based on a one-crop agriculture with a landed aristocracy. However, an expanding industry, largely family-owned, gradually is supplanting the old system. In recent years a growing middle class has emerged, based on the small-farm movement and the growth in the number of small manufacturers, merchants, engineers, and professional and clerical employees, which has accompanied industrialization. Economic growth has been rapid, especially in the past decade. Development has been concentrated to a large extent in the southeastern states of Minas Gerais, Guanabara, Paraná, and São Paulo. The vast north-central and western areas comprising the basin of the Amazon and its tributaries remain an unexploited and in part unexplored potential. The country is almost self-sufficient in foodstuffs; wheat is the only important food import. Coffee accounts for approximately 45 percent of exports, cotton and cocoa comprise another 10 percent. Industrial raw materials and minerals make up the remainder. Manufacturing is still chiefly for domestic consumption, though industrialization is progressing rapidly. A domestic iron and steel industry has been started, but industrial activities are dominated by the consumer goods industries. The leading manufacture is textiles; also important are cement, lumber, and electric power production. Industrialization has been promoted by various means such as tariffs, import policies, and tax exemptions. Both industry and agriculture have been assisted by loans from Government credit agencies. Foreign investment generally has been encouraged—except in petroleum and coastwise shipping—particularly when it is established through mixed Brazilian-foreign enterprises.

Known mineral resources are almost unlimited in variety and size of reserves, and exploration continues to add new discoveries. Practically all the industrial metals, new and old, are represented with the exception of copper. Iron ore reserves are especially large, and petroleum reserves have been explored only partially. However, many industrial materials such as coal, copper, and most petroleum products are imported.

## FOREIGN RELATIONS

Traditionally, Brazil has been a leader in the inter-American community and a close and valuable friend of the United States. Brazil has played a leading role in defending the security of the Western Hemisphere. Brazil also has been active in international and regional organizations and currently is contributing to the peacekeeping efforts in the Gaza Strip. Brazil sided with the Allies in both World Wars, a Brazilian Expeditionary Force fought in Europe in World War II, and Brazil took a leading part in the Inter-American Peace Force in the Dominican Republic in 1965-66.

Under the Alliance for Progress, Brazil has sought financial and technical assistance from abroad

to aid in its economic and social development. The U.S. AID program in Brazil is one of the largest in the world, and European countries and Japan also have contributed to Brazil's development. The Government seeks to encourage foreign investment in the country, and favorable legislation to this effect has been enacted. Brazil seeks to expand its worldwide exports and is a member of the Latin American Free Trade Area.

## PRINCIPAL GOVERNMENT OFFICIALS

Chief of State—Marshal Arthur da Costa e Silva  
Vice President—Pedro Aleixo  
Minister of Air Force—Gen. Marcio de Souza e Melo  
Minister of Foreign Affairs—Jose de Magalhaes Pinto  
Minister of the Army—Gen. Aurelio de Lyra Tavares  
Minister of Justice—Luis Antonio Gama e Silva  
Minister of Mines and Energy—Jose Costa Cavalcanti  
Minister of Industry and Trade—Gen. Edmundo Macedo Soares e Silva  
Minister of Finance—Antonio Delfim Neto  
Minister of Planning and Economic Coordination—Helio Marcus Pena Beltrao  
Minister of Agriculture—Ivo Arzua Pereira  
Minister of Education—Tarso Morais Dutra  
Minister of Labor—Col. Jarbas Goncalves Passarinho  
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Minister of Transportation and Public Works—Col. Mario David Andreazza  
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Minister of Navy—Adm. Augusto Rademaker Grunewald  
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Ambassador to the United States—Vasco Leitao da Cunha

Brazil maintains an Embassy in the United States at 3007 Whitehaven Street, N.W., Washington, D.C. 20008. There are Brazilian consuls general at Houston, New York, and San Francisco; consuls at Baltimore, Boston, Chicago, Los Angeles, Miami, New Orleans, and Philadelphia; and honorary consuls in many other cities.

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# Background Notes

## CHILE



Population: 8.5 million  
Capital: Santiago

Located on the extreme southwest corner of South America, Chile stretches some 2,650 miles along the Pacific coast, with the towering Andes providing most of the country's eastern frontier. At no point wider than 250 miles, Chile still exceeds the area of Texas. From north to south, its narrow dimensions are divided into three zones: the northern desert; the central agricultural area (where 85 percent of the population lives); and the southern forest lands. In the central valley in general, and in Santiago in particular, both summers and winters are mild. The relative humidity in summer is quite low, and temperatures above 90°F. are rare. Winters tend to be damp and dreary. Snowfall in Santiago is extremely unusual.

### THE PEOPLE

Chile has an area of 286,396 square miles. The population is predominately Spanish far outnumbering the original Araucanian Indian segment. The European character of Chile has been augmented by immigration, particularly German and Italian. There are probably less than 200,000 true Indians in the total population.

### HISTORY

Chile was first settled in 1541 by Spanish explorers striking south from Peru. While the Spaniards found no wealth of gold and silver, Chile's central valley was recognized as being valuable for agricultural colonies. A dominant feature of the early conquest era was the constant warfare with the rugged Araucanian Indians.

Colonial Chile was ruled by a Governor and Captain General, appointed by the King of Spain but immediately responsible to the Viceroy of Peru. Important influence over the government was exerted by the Roman Catholic Church. By the 19th century, ideas of self-government were beginning to take hold and had gained considerable impetus from the success of the American and French Revolutions. The first national government was proclaimed on September 18, 1810. This launched a struggle for independence which dragged on for 8 years. Early in 1818 Bernardo O'Higgins,

leader of the Chilean patriots, declared the absolute independence of his country.

From 1830 to the end of the century, Chile was engaged in the consolidation and development of her national economy. In 1881 a treaty with Argentina confirmed Chilean sovereignty over the Straits of Magellan, and at about the same time hostilities with Peru and Bolivia pushed Chile's upper border farther north. An official Chilean colonizing agency was established in Europe in 1845, and Spanish, German, Italian, French, Swiss, and Yugoslav immigrants arrived to settle in the new country.

### GOVERNMENT

Chile is a constitutional democracy operating under a unitary republican form of government with legislative, executive, and judicial branches. Its present Constitution was adopted in 1925 and grants suffrage to all literate Chileans over 21. Voting is by secret ballot.

### The Legislature

The bicameral legislature, known as the National Congress, consists of the Senate and the Chamber of Deputies. The Congress meets in regular session annually from May 21 to September 18. Like the U.S. Congress, it initiates and passes laws, approves and rejects treaties, can override presidential vetoes, et cetera. The last congressional election was held in March 1965; the next election will be in March 1969.

The Senate. The Chilean Senate consists of 45 members elected by direct vote of the people. For the purpose of such elections, the country is divided into nine districts, each of which elects five Senators. The term of office for a Senator is 8 years, half of the Senators being elected every 4 years.

The Chamber of Deputies. Deputies are elected every 4 years by direct vote of the inhabitants of each of the country's 25 provinces, the Constitution providing one such representative for each 30,000 inhabitants. The size of this body, which now has 147 members, has not been adjusted in many years to take account of the increase in population or increased urbanization.

### The Executive

The President of Chile must be a native-born citizen and at least 30 years of age. He is elected







by direct vote for a 6-year term (next election is in September 1970) and may not succeed himself. Since 1931 all Presidents of Chile have been duly elected by the people. The President names ministers of state to assist him in his administration of the government. The number of such ministers and the titles of their respective departments are not fixed by the Constitution. All presidential orders must be signed by the appropriate minister before they become legally valid. In practice, the President and his ministers tend to form the strong nucleus of governmental power. The President has item veto power, i.e., he can veto specific parts of a bill approved by the Congress

## The Judiciary

The power to judge civil and criminal cases belongs exclusively to the tribunals established by law. Both the President and the Congress are specifically restrained by the Constitution from exercising any judicial functions. The Supreme Court, members of which are designated by the President, is empowered to pass upon the constitutionality of laws. There are also Courts of Appeal and various other lesser courts throughout the country.

## POLITICAL CONDITIONS

Since its independence, Chile has enjoyed relative tranquillity in its political life. Its early republican period was unmarred by the "caudillo" leaders common to Latin America, and contemporary political institutions are protected by a high respect for the principles of law, order, and democracy. The Chilean Armed Forces are divorced from national politics; their last involvement occurred during the serious crisis accompanying the world depression (1924-31).

During the early years of independence the Conservative Party held sway. Comprised mostly of the landowning classes and having ties with the Catholic Church, this group later shared power with the Liberal Party. The Liberal Party, which now has roughly identical economic and social views with the Conservatives, had its origins in opposition to the authoritarian and ecclesiastical bias of the Conservative Party. The next political force to develop was the anticlerical, reformist Radical Party which originated in the mid-19th century but only grew in real importance as its base—the middle class—grew during Chile's economic development.

Chile's middle classes first gained real political power in 1938 when the Radicals, in a "Popular Front" with the Communists and Socialists, won the presidency. The Radicals also won in 1942 and 1946 with the support of the Communists. Excesses by the Communists, however, proved to be their undoing, and Radical President Gonzalez had them outlawed from political activity in 1948. In 1958 the Communist Party again became a legal party.

The Presidential election of September 4, 1964, provided conclusive evidence of a prevailing leftist sentiment in the country. For the first time the rightist parties had no candidate for President; and the center candidate received less than 5 percent of the vote. The trend to the left, which has been accelerating in recent years, stems from a growing popular demand for a basic restructuring of political and economic power. A substantial part of the lower middle class is joining the lower classes in the belief that the primary objective of previous ruling groups was to safeguard their own interests rather than to advance the progress of the country as a whole.

The present Chilean administration is the first Christian Democratic government in Latin America. Its victory in September 1964 was widely hailed in the hemisphere as demonstrating popular confidence that the democratic left can effect orderly, fundamental change and provide a workable alternative to communism. The fortunes of the Christian Democratic parties and the democratic left throughout Latin America will in no small measure be related to those of the new administration in Chile. President Eduardo Frei interpreted his impressive victory as a popular mandate to bring about a "great and fundamental change" in Chile. His government considers it essential to give the lower class fuller participation in the country's political and economic life than it has had in the past. His major opponent, Senator Salvador Allende of the Socialist-Communist Popular Action Front (FRAP), also promised basic changes, but Allende's close ties with communism helped defeat him.

A unique aspect of Chilean politics is the strength of the two Marxist parties. Although outlawed for 10 years, the Communist Party continued working through front groups and emerged with its strength largely intact. Commanding about 13 percent of the popular vote, it is allied with the Socialist Party in the FRAP, giving the extreme left roughly 25 percent of the vote in any election. The FRAP also has 13 of 45 Senators and 33 of 147 Deputies. In the 1964 presidential election, the FRAP candidate received almost 40 percent of the vote.

## ECONOMY

Chile's internal economy is dominated by industry and agriculture plus a rather remarkable degree of "services" considering the general level of development. Chile has had to rely on exports of nitrate (and now copper) plus some agricultural products. Copper is Chile's most important product, and the country ranks third in world production. Annual production is over 600,000 tons with about 85 percent coming from mines owned by U. S. companies. The new administration has signed agreements with these companies giving the Chilean Government participation in their Chilean holdings. These agreements contemplate investments of over \$400 million in order to increase production to over a million tons by 1970-71.

Roughly coinciding with the coming to power of the Radicals in 1938, Chile made attempts to



diversify its economy and achieve self-sustaining growth. In the last two decades primary emphasis was placed on industrialization and import substitution. This harmed the agricultural potential of the economy, and current development plans call for a better balanced economy. A conspicuous feature of Chile's economic history has been recurring inflation which averaged over 40 percent in the last few years.

The new government promotes a high rate of economic growth, a rise in gross investment levels, a doubling of copper and iron ore output, and a general increase in exports. Special encouragement is given to agricultural production, and the government proposes an agrarian program designed to give land to 100,000 families within 5 years. The housing program (60,000 homes a year) is expected to stimulate the construction industry and thereby help maintain high levels of urban employment. The rate of inflation is being reduced, and the government hopes to achieve relative financial stability by 1967. Administrative reforms are directed at improving tax collection procedures and strengthening the authority of the Central Bank. Other reforms are aimed at eliminating the concentration of economic power in the hands of a few. Latin American integration is considered a basic tenet of Chilean foreign policy in that Chile needs to develop its internal and export markets in order to foster an expansion of the country's industrial output, and integration offers the best long-range means of achieving this goal.

## U. S. ASSISTANCE

Major U.S. capital assistance to Chile began in 1961 with a \$100 million loan and a \$20 million grant for earthquake reconstruction. An additional loan was provided in 1962 following an exchange crisis. U.S. assistance during the 2 years preceding the 1964 Presidential election was directed at maintaining the modest gains that had been realized in earlier years. This assistance was effective in providing the new government with a better base to begin a serious effort toward reform and development by helping to prevent economic deterioration and permitting some modest growth. In its first year, the administration centered its efforts on establishing its organizational and policy base for future reform and development. It emphasized increased copper investments and stabilization. U.S. assistance in 1965 included \$114 million in loans, \$16 million in surplus U.S. agricultural products under Public Law 480, Title II and III, and \$3 million in technical assistance. An additional \$20 million Title I sales agreement was authorized. Technical assistance is directed toward reform of economic and financial policies; improved use of resources in the public sector; agricultural development; industrial development; and development of the human resource base. Substantial progress was attained during 1965 in the adoption and initiation of stabilization and development policies and in reform programs. Progress was made in reducing inflation, increasing tax

collections, improving foreign exchange earnings, increasing public sector savings, and in maintaining employment at a high level.

## BASIC CHILEAN OBJECTIVES

1. To strengthen Chile's sovereignty and integrity and the bonds that unite it with other countries of the hemisphere.
2. To bring inflation under control.
3. To increase the national product through a program of rapid economic development, thereby affording a higher standard of living to the people of Chile, and to accelerate social development.
4. To bring about Latin American integration.
5. To increase exports, particularly of copper and other mineral products, at favorable prices.

## U. S. OBJECTIVES

1. To maintain the respect and friendship of the Chilean people.
2. To assist within the framework of the Alliance for Progress Chile's efforts to achieve rapid economic development and social betterment.
3. To win Chilean understanding of and support for our objectives in the U.N., OAS, and other international organizations.
4. To assure fair treatment for U.S. private citizens and interests in Chile.

## PRINCIPAL GOVERNMENT OFFICIALS

President--Eduardo FREI Montalva

### Ministers

Interior--Bernardo LEIGHTON Guzman  
 Foreign Relations--Gabriel VALDES Subercaseux  
 Treasury--Sergio MOLINA Silva  
 Economy--Domingo SANTA MARIA Santa Cruz  
 Education--Juan GOMEZ Millas  
 Justice--Pedro RODRIGUEZ Gonzalez  
 Defense--Juan de Dios CARMONA Peralta  
 Housing--Modesto COLLADOS Nuñez  
 Agriculture--Hugo TRIVELLI Frazzolini  
 Labor--William THAYER Arteaga  
 Public Health--Ramon VALDIVIESO Delaunay  
 Mines--Eduardo SIMIAN Gallet  
 Lands and Colonization--Jaime CASTILLO Velasco  
 Public Works--Edmundo PEREZ Zucovic

President of the Senate--Thomas REYES Vicuna



President, Chamber of Deputies--Eugenio  
BALLESTEROS Reyes

## PRINCIPAL U. S. OFFICIALS

Ambassador--Ralph A. Dungan  
Counselor of Embassy--Robert W. Dean  
Counselor for Political Affairs--Samuel Moskowitz  
Counselor for Economic Affairs--Robert G. Walker  
Director, U.S. AID Mission--John P. Robinson  
Army Attaché--Col. Paul Wimert  
Navy Attaché--Capt. George F. Sharp  
Air Force Attaché--Col. Hubert Brandon  
Director, Peace Corps--William Moffett  
Vice Consul, Antofagasta--Robert Knickmeyer  
Consular Agent, Concepción--Cortlandt Sweet  
Consular Agent, Valparaíso--Lucius Hill

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# Background Notes

## COLOMBIA



Population: 18 million (1967 estimate)

Capital: Bogotá

Colombia is located in the northwest corner of South America. With an area of 440,000 square miles, it is the fourth largest country on the continent, about as large as Texas, Oklahoma, and New Mexico combined. Colombia has a coastline of more than 900 miles on the Pacific Ocean and 1,100 miles on the Caribbean Sea. Its main river, the Magdalena, empties into the Caribbean. Colombia's location, close to the Panama Canal and bordering Venezuela, Brazil, Peru, Ecuador, and Panama, has given it special strategic importance.

The Andes Mountains enter Colombia at the southwest part of the country and fan out in three quite distinct ranges which run through the country from southwest to north and northeast. These mountains divide the country into three main geographic regions: (1) the flat coastal areas broken only by the high Sierra Nevada de Santa Marta mountain range and the semiarid Guajira Peninsula, (2) the highlands or plateau area, and (3) the sparsely settled eastern plains (the llanos) drained by the tributaries of the Orinoco and Amazon Rivers.

The climate varies from extreme tropical heat to steady biting cold. Temperatures are determined largely by altitudes: the lowlands along the coast are hot and humid; the high plateaus have frequent, light rains and the weather is always springlike. In the highlands there are generally two dry seasons—from December to February and from June to August.

The top half of Colombia's flag is yellow; the bottom half consists of a blue stripe and a red stripe of equal widths.

### THE PEOPLE

Colombia's population of 18 million makes it the fourth most populous Latin American nation after Brazil, Mexico, and Argentina. About 98 percent of the population are concentrated in the western third of the country at a density of approximately 57 persons per square mile; the eastern plains, which make up some 60 percent of the country, have about 1.7 percent of the population at a density of less than one person per square mile.

More than half of the population are a mixture of white and Indian blood; perhaps one-fifth are white; and the remainder are mulattoes, Negroes, and others. No more than 2 percent of the population are pure Indian; these live

in isolated tribes. Population increase (about 3 percent annually) is rapid, and movement from rural to urban areas has been heavy, so that only half of the population now live in rural areas. Colombia is overwhelmingly Catholic, and the literacy rate is estimated at about 60 percent.

Bogotá, the capital city, had a population in 1967 of almost 2 million. Other large cities, in descending order of population, are Medellín, Cali, Barranquilla, and Cartagena. Colombia has more than 20 cities with populations exceeding 100,000.

### HISTORY

In 1549 an area corresponding to what is now Colombia was established as a Spanish colony. Bogotá later became the seat of the Viceroyalty of New Granada. No marked political changes occurred until the opening of the 19th century when the colony revolted against Spanish rule. In 1810 Bogotá arose, banished the Viceroy, and declared its independence.

In 1819 the Republic of Colombia was proclaimed. Then began the long and bloody struggle between Centralists and Federalists—a struggle which soon became complicated with the "Church question." During the 19th century nearly 100 insurrections and several wars resulted from the attempt to resolve the issues between the two factions. Liberals and Conservatives alternated in power. A civil war, in which perhaps 100,000 lives were lost, ended in 1902 with the defeat of the Liberals. The following year Panama seceded from the Republic. This shocked the country and a period of reconciliation between the parties followed, but the Liberals remained in eclipse for many years.

### POLITICAL CONDITIONS

The political picture of Colombia during the past century has been dominated by the rivalry between the Liberal and Conservative Parties. Liberal administrations were in power from 1860-84 and 1930-46; and Conservative administrations from 1884 to 1930 and 1946-53. Both are historical organizations with roots going back to the 1840's, and both have developed along similar traditionalist lines. Both support constitutional forms and favor evolutionary social and economic reform programs. The major factions of the two parties have combined to form the present coalition government of Colombia.







During the past 10 years Colombia has achieved substantial progress in its efforts to rebuild a stable political system, after a chaotic decade marked by widespread violence following a political assassination in April 1948 and a military dictatorship (1953-57). The two traditional parties are working together under a constitutional amendment (1957) which calls for rule until 1974 by a national coalition called the National Front. The National Front experiment has worked fairly well in subduing the violent interparty rivalry of the past. Former President Alberto Lleras, who took office in August 1958, was a high-minded and a capable Liberal Party leader who had won respect in Colombia and the hemisphere during his 7 years as Secretary General of the Organization of American States (OAS). During his presidency constitutional processes were reinforced and a reform program initiated.

His Conservative successor, President Guillermo Leon Valencia, successfully weathered the storms of a faltering economic situation, social and student unrest, and political setbacks to the governing coalition to complete his 4 years in office. A major accomplishment of the Valencia administration was a notable reduction in the widespread criminal banditry which developed from the political violence in the late 1940's.

In 1966 Liberal Party leader Carlos Lleras Restrepo was elected to the Presidency by a 71 percent majority of the popular vote. Since he took office in August 1966 Lleras has shown signs of giving Colombia one of its most effective governments in history. An economist by profession, Lleras is firmly dedicated to programs of economic development, social justice, political reform, and respect for the law. He has described his administration as the "National Transformation Front." Lleras has also embarked upon a vigorous foreign policy based upon Latin American integration and a search for expanded Colombian export markets.

## POLITICAL PARTIES

Although Colombia has two traditional parties, Liberal and Conservative, the original parties have divided to an extent where there are now five major political factions:

Official Liberals—This is the largest single political faction in Colombia, consistently obtaining close to 40 percent of the vote. Under the leadership of Carlos Lleras, the faction supports a strong executive as necessary to carry out programs of social and economic progress.

Ospinista Conservatives—The Ospinistas, under the direction of ex-President Mariano Ospina Perez, are the Liberals' partners in the National Transformation Front which currently governs Colombia. It obtained 16 percent of the popular vote in the 1966 elections. While

its support is derived from the more conservative business and rural groups, it believes that economic and social progress is now necessary in order to forestall the expansion of radical revolutionary sentiment in Colombia.

National Popular Alliance (ANAPO)—Obtaining 18 percent of the vote in 1966, ex-dictator Rojas Pinilla's ANAPO movement is now the largest opposition group. Its goals include the restoration of Rojas to power and the establishment of authoritarian government in Colombia. Its major support comes from the urban lower- and lower-middle classes.

Liberal Revolutionary Movement (MRL)—The MRL was founded by Alfonso Lopez Michelsen in 1960 to offset what he felt was diminution of reform fervor among the Liberals owing to the National Front alliance with the Conservatives. The MRL growth was both helped and hurt after its founding by its occasional alliances with the Communists and by Communist infiltration, and the dominant leadership rejected the Communists. The MRL generally believes in more radical solutions to social and economic problems than the Official Liberals, and nonalignment on the international level. It obtained only 13 percent of the vote in the 1966 elections, falling from a high of 20 percent in 1962. In September 1967 the majority of the MRL faction was re-integrated into the Official Liberals Party. A small portion, however, has maintained its independent identity and joined with the Communists.

Lauro-Alzatista Conservatives—The Lauro-Alzatista Conservatives are a grouping of moderate-to-rightist Conservatives who previously owed allegiance to deceased party leaders Laureano Gomez and Gilberto Alzate. It differs with the Ospinistas more on grounds of personal rivalries than ideology. The faction obtained 12 percent of the vote in 1966.

## GOVERNMENT

The Constitution of 1886 is the basic law of the country. It provides the right of suffrage for all citizens more than 21 years of age. It stipulates that the President is to be elected by direct vote for a 4-year term and is not eligible to succeed himself. It authorizes him to appoint his own Ministers. A "Designate," or vice-president, is elected by Congress every 2 years.

The Senate is elected by popular vote every 4 years. Each department (state) has one senator for every 190,000 inhabitants. The House of Representatives is elected every 2 years on the basis of one representative to every 90,000 inhabitants.

Administratively the country is divided into 22 departments, three intendencias, and five comisarias. Each department has a governor appointed by the President and an assembly elected by popular vote.



An alliance of the two traditional political parties, which preceded and hastened the fall of the dictatorship of General Gustavo Rojas Pinilla in 1957, was formalized by constitutional amendments providing that elective offices at the national and departmental level will be divided equally between the Liberal and Conservative Parties. Another feature of this unique coalition arrangement provides that the Presidency will be alternated between the two parties during the years 1958-74. In practice, the Cabinet, Supreme Court, governorships, and other appointive posts have also been divided equally between the two parties since the beginning of the National Front coalition in 1958.

Although the National Front system theoretically provides for a division of political power between the Liberal and Conservative Parties, in practice almost all other political philosophies from extreme right to extreme left actively participate in the political process by running candidates for legislative office as nominal Liberals or Conservatives. The governing coalition, or National Transformation Front, is composed of the Liberals and the Ospinista Conservatives. Most of the congressional opposition consists of Rojas Pinilla's National Popular Alliance (ANAPO) and the Laureanista Conservatives. These two groups obtained 20 percent of the vote in the 1966 congressional elections.

## ECONOMY

Since 1930 Colombia has industrialized with comparative rapidity, but it still remains predominantly an agricultural country, with its export economy largely built upon coffee. During recent years about 65 to 70 percent of its foreign exchange has been realized from the exportation of coffee. The high price of coffee brought unprecedented prosperity and economic progress to the country during the period immediately after World War II, despite the rural violence and political turmoil.

The sharp decline in coffee prices that began in 1955 because of excess world production raised a significant decline in foreign exchange earnings. The immediate Colombian response was to seek economic diversification through development of import substitution industry. This program has been successful in greatly reducing imports of consumer goods, but the Colombian industrial economy remains heavily dependent on imported raw materials, semimanufactures, and capital goods, which are at the same time a drain on foreign exchange. While the International Coffee Agreement of 1963 brought relative price stability, slippage in prices for Colombia's coffee since 1965 has accentuated its severe balance-of-payments problem.

Colombia is now according a high priority to export diversification in order to strengthen its balance-of-payments situation. Particular emphasis is being given to agriculture and especially

to the expansion of exports of cattle and beef. Concomitantly, Colombia is trying to expand food production for domestic consumption. In its development efforts, Colombia has received substantial technical and development assistance under the Alliance for Progress and from international lending agencies. A Consultative Group of international lending institutions and capital exporting nations was formed in 1963 under the chairmanship of the International Bank for Reconstruction and Development (IBRD) to review the needs for external capital assistance. Members of this group have assisted Colombia's marked progress in a variety of development projects, such as electric power, housing, education, transportation, steel manufacturing, and agriculture.

Efforts are being made to diversify Colombian production and to stimulate foreign investment and industrialization. Steel production began in 1942, and a completely integrated steel mill at Paz del Rio in the Department of Boyaca has been erected. Petroleum exports have been an important item in the Colombian economy, and crude oil production increased from 46 million barrels in 1958 to 71.8 million in 1966.

Colombia's imports for 1966 amounted to \$674 million, of which slightly less than half came from the United States. Exports totaled \$508 million, of which almost \$220 million were destined for the United States. U.S. private investment in Colombia was estimated at the end of 1965 at \$527 million, divided as follows: petroleum 51 percent; trade 9 percent; manufacturing 30 percent; miscellaneous 10 percent.

While Colombia has suffered from periodic inflation, with the cost-of-living index more than tripling over the past decade, there was a marked improvement in this regard in 1966 and 1967. Growth in the economy has been relatively good, with gross national product increasing at an average annual rate of close to 5 percent over the past 10 years, but the population growth rate of about 3 percent offsets much of this economic progress.

## FOREIGN RELATIONS

Colombia has played important roles in the United Nations and the Organization of American States since their founding and is affiliated with most of the specialized agencies of the United Nations. Colombia has diplomatic relations with most Western European nations and during the past year has been expanding trade and consular relations with nations of Eastern Europe. Traditionally a strong supporter of Pan-Americanism, Colombia enjoys friendly relations with its neighbors. It has been active in discussing ways to promote economic integration in Latin America and particularly cooperation within the newly formed Andean subregional grouping. The latter includes Colombia, Venezuela, Ecuador, Chile, Peru, and Bolivia. Studies are underway



looking to the development of closer cooperation among these countries, and Colombia has already initiated limited bilateral projects on its borders with Venezuela and Ecuador.

## U. S. -COLOMBIAN RELATIONS

Colombia has maintained close and friendly ties with the United States. As a member of the United Nations and the OAS, Colombia has been firmly devoted to the principles of the free world. It was the only Latin American country to send a battalion to participate in the Korean conflict. In July 1964 it was a prime mover at the OAS meeting voting new sanctions against Cuba. The United States has given considerable support to Colombia's economic development program in the form of technical assistance and loans.

## PRINCIPAL GOVERNMENT OFFICIALS

President—Carlos LLERAS Restrepo

### Cabinet

Government—Misael PASTRANA Borrero (Conservative)

Foreign Relations—German ZEA Hernandez (Liberal)

Justice—Dario ECHANDIA (Liberal)

National Defense—Gerardo AYERBE Chaux

National Development—Antonio ALVAREZ Restrepo (Conservative)

Mines and Petroleum—Carlos Gustavo ARRIETA (Liberal)

Public Health—Antonio ORDONEZ Playa (Liberal)

Labor—Carlos Augusto NORIEGA (Ospinista)

Education—Gabriel BETANCUR Mejia (Conservative)

Agriculture—Armando SAMPER Gnecco (Liberal)

Public Works—Bernardo GARCES Cordoba (Ospinista)

Communications—Douglas BOTERO Boshell (Ospinista)

Finance—Abdon ESPINOSA Valderrama (Liberal)

Colombia maintains an Embassy in the United States at 2118 Leroy Place, Washington, D.C. 20008. Colombia's Ambassador to the United States is Dr. Hernan Echavarria.

## U. S. OFFICIALS

Ambassador—Reynold E. Carlson

Deputy Chief of Mission—Robert A. Stevenson

Political Counselor—Earl H. Lubensky

Economic Counselor—James C. Lobenstine

Chief, Consular Section—Ernest Gutierrez

Commercial Attaché—Hal Ryerson

Agricultural Attaché—Richard Smith

Defense Attaché—Col. Alfred E. Coffey

## Agency for International Development

Director—Marvin Weissman

Deputy Director—Charles R. Harkins

## U. S. Information Service

Public Affairs Officer—Edmund R. Murphy

Press Officer—Holley M. Bell

Cultural Affairs Officer—Guy Fasoli

Student Affairs Officer—Robert K. Baron

## Peace Corps

Director—William Dyal

## Consuls

Barranquilla—Robert J. Carle

Cali—William P. Boswell

Medellin—Cabot Sedgwick

The U.S. Embassy in Colombia is located at Edificio Bavaria, Carrera 10, No. 28-49, Bogotá.

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(The above Overseas Business Reports may be ordered from any Dept. of Commerce field office or from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. 15¢ a copy.)

Publications Available at the Pan American Union, Washington, D.C. 20006

Colombia (in the American National Series)

No. 986-1-E-3279 (15 cents).

Colombia (in Spanish) No. 981-S-6317 (30 cents).  
Commodity Series—Coffee

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Simon Bolivar—No. 92-02-E6078 (10 cents).

A Statement of the Laws of Colombia in Matters Affecting Business—No. 342-E-6308. \$5.00 with supplement of 1964.

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# Background Notes

## COSTA RICA



Population: 1.5 million (est.)

Capital: San José

Costa Rica is a small country with a land area of about 19,700 square miles, approximately one-half the size of the State of Virginia. It is located in a narrow section of southern Central America and is comprised mainly of high, rugged mountains and hills drained by numerous streams and rivers. Extensive forests cover about two-thirds of the country. There is a relatively wide coastal plain on the eastern side of Costa Rica and a narrower plain on the Pacific coast. A volcanic mountain system composed of three ranges extends the length of the country with elevations in the southern Talamanca range reaching almost 13,000 feet. The most densely populated area of the country is the Central Plateau, which is actually a large and hilly valley encircled on three sides by mountains.

The climate of Costa Rica is influenced strongly by its tropical location and by the adjacent warm ocean waters. Temperatures usually are high with little day-to-day, monthly, or annual variation. The most important control on temperature variation is that of elevation. At some lowland locations, mean maximum temperatures reach the low 90's, while in the highlands, where most of the population live, the mean maximum temperatures are usually in the 70's or low 80's. Costa Rica has only two seasons: the wet season, usually from May through November; and the dry season, normally from December through April. There is often great variation in the strength and duration of the two seasons.

Costa Rica's flag consists of two blue horizontal stripes, top and bottom; two white inner stripes; and a wider red center band on which appears the country's coat of arms. The blue and white colors are derived from the flag adopted in 1823 by the United Provinces of Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) after gaining freedom from Spain.

### THE PEOPLE

The population of Costa Rica was estimated at the beginning of 1967 to be 1,500,000. Unlike her Central American neighbors, the people of Costa Rica are overwhelmingly of European (predominantly Spanish) descent. The Indian population numbered around 25,000 at the time of the first Spanish settlement (1522), but declined substantially after the conquest to the present figure of no more than 3,000. Negroes constitute the only significant minority group, numbering some 27,000, or about 2 percent of the population. The great majority

of the Negroes live in the province of Limón on the Caribbean coast. Descended from Jamaican workers who emigrated to Costa Rica in the late 19th century, many of the Negroes speak a Jamaican dialect of English as their primary language.

The Costa Rican annual population growth rate is about 3.5 percent, one of the highest in the world. Over 50 percent of the population are under the age of 16. The population of Costa Rica has doubled since the late 1940's.

About 315,000 children (21 percent of the country's population) are currently attending primary school. Costa Rica has a literacy rate of approximately 85 percent, one of the highest in Latin America.

The predominant religion is Roman Catholic.

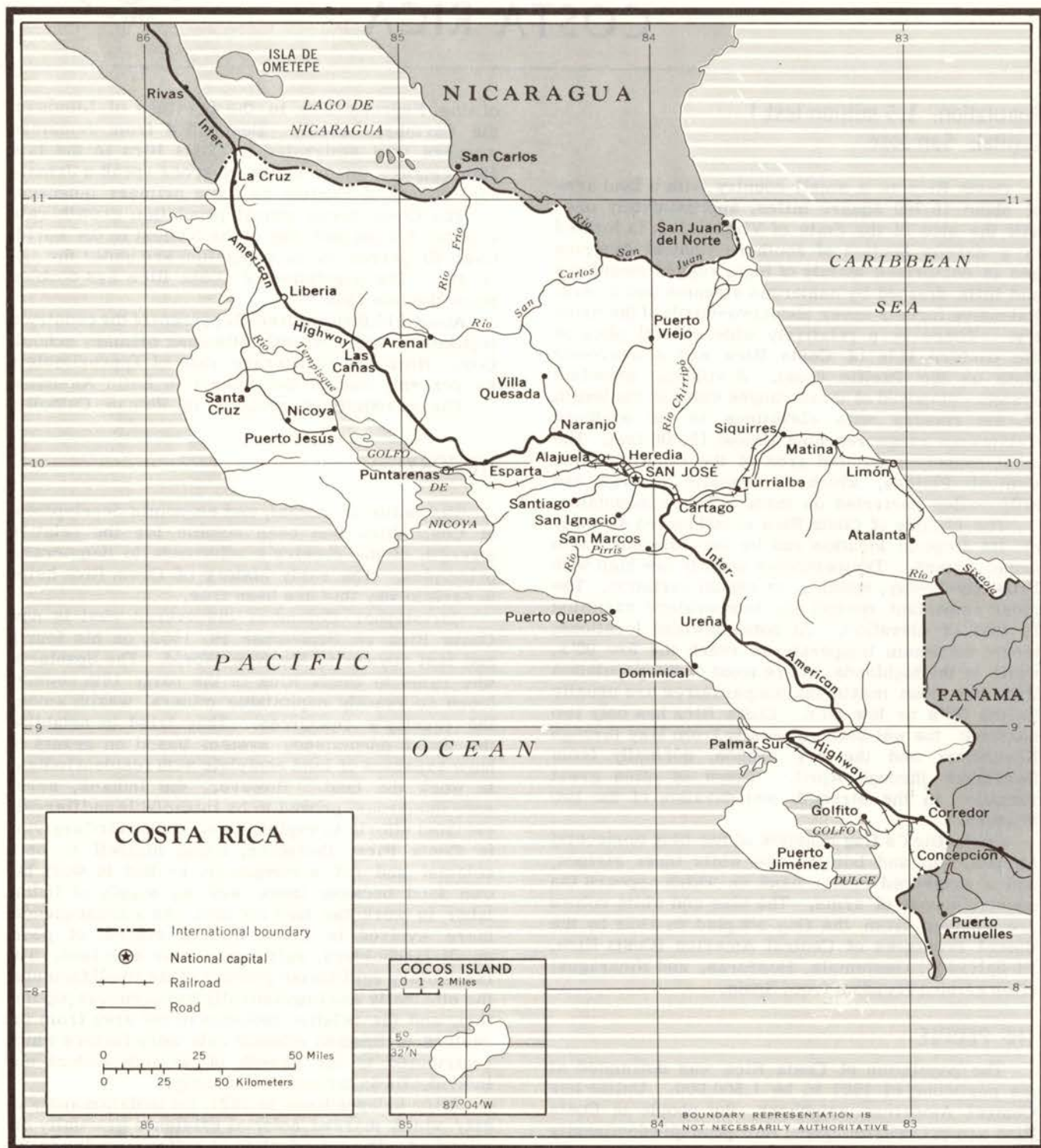
### HISTORY

The political, social, and economic development of Costa Rica has been notable for the relative strength of the country's adherence to democratic principles. The early history of Costa Rica helps to explain why this has been true.

Christopher Columbus discovered what is now Costa Rica on September 18, 1502, on his fourth and last voyage to the New World. The Spaniards who came to Costa Rica in the early 16th century found no readily exploitable mineral wealth among the country's resources. They tried to establish the usual *encomienda* system based on grants of huge expanses of land complete with resident Indians to work the land. However, the Indians, never very numerous, proved to be intractable and fiercely resisted efforts to exploit them. A Spaniard arriving in Costa Rica, therefore, found himself to be a colonist and not a conqueror; he had to work his own land because there was no supply of Indian labor to work the land for him. As a consequence, there evolved in Costa Rica a system of poor, small landholders, cultivating their own land. The involuntary egalitarian poverty of the small farmers, the ethnically and linguistically homogeneous population, and the relative isolation of the area from the centers of Spanish colonial rule were factors which contributed to the growth of an independent and individualistic farming community.

After independence in 1821, the isolation and poverty which marked colonial existence gradually diminished. The introduction of coffee-growing in the early 19th century and banana cultivation in the late 19th century opened important new sources of wealth. Some Costa Ricans accumulated large fortunes and class differences began to emerge. But the experiences of the 17th and 18th centuries left their imprint on the nation's social and political attitudes.







The Costa Rican elections of 1889 are generally considered to have marked the beginning of the modern political era in Costa Rica. Those elections—the first truly free and honest elections in the country—constituted a turning point in the development of democracy in Costa Rica. Since 1889 there have been only two significant interruptions in constitutional government: the 30-month dictatorship of Federico Tinoco which began in 1917, and the revolution of 1948 which broke out after the Legislative Assembly annulled the 1948 presidential elections, the results of which were under dispute. The revolution was followed by 18 months of rule by a Government Junta, which presided over the preparation of a new constitution. The victorious candidate of the 1948 elections was inaugurated in 1949 and served a full term.

Since the 1948 revolution there have been four presidential elections in Costa Rica. It is a tribute to the maturity of Costa Rican democracy that in each case the candidate of the party in power was defeated but stepped aside to allow the victorious opposition candidate to assume office. The most recent elections in Costa Rica were held in February 1966 and resulted in the victory of the current Chief of State, President José Joaquín TREJOS Fernández.

## GOVERNMENT

Costa Rica is a democratic constitutional republic. The present Constitution was drawn up by a special convention in 1949 following the 1948 revolution. Government authority is centralized on the national level. For administrative purposes the national territory is divided into seven provinces which are subdivided into cantons and districts. Government at the provincial level is not highly developed; there are no provincial legislatures, and executive authority is exercised by a civil governor appointed by the President of the Republic.

On the national level the government is divided into three branches: executive, legislative, and judicial. The relative power of the legislative branch within the government structure is well developed. Executive power, vested in the President, is somewhat limited by Latin American standards, although the President remains the indisputable center of power. Elections for the Presidency and for deputies of the Legislative Assembly are held every 4 years. Voting is compulsory for all adult citizens, male and female. The electoral process is under the control of the Supreme Electoral Tribunal, which since 1949 has had complete independence in carrying out its function.

The President and two Vice Presidents are elected by direct vote for 4-year terms. They cannot be reelected for successive terms, and 8 years (2 terms) must intervene before they can run again for the Presidency or Vice Presidency. The Legislative Assembly is a unicameral congress composed of 57 deputies elected for 4-year terms. Legislative seats are distributed among the provinces in proportion to their population. Deputies cannot be reelected for successive terms. The judicial power is exercised by the Supreme Court of Justice, composed of 17 Magistrates, and by

subsidiary courts established by law. The Magistrates are elected for 8-year terms by the Legislative Assembly.

Besides the three traditional branches of government, the Costa Rican governmental structure, since 1948, has come to include numerous autonomous state agencies enjoying legal independence from the other branches. Among others, these include the commercial banks, the state insurance monopoly, and the Social Security Agency.

## POLITICAL CONDITIONS

The most significant political parties today in Costa Rica are the Republican Party (PR), the National Union Party (PUN), and the National Liberation Party (PLN). The PLN is the largest single political party in the country. Although Costa Rica has a multiparty system, recent presidential elections have taken on the characteristics of a two-party system with the PR and PUN joining in electoral coalitions against the PLN. In the 1966 elections the two anti-PLN parties joined in a formal coalition under the designation National Unification (UN), and in addition to supporting a single presidential candidate, for the first time presented a single list of candidates for the Legislative Assembly. The coalition's candidate for the Presidency, José Joaquín Trejos, won the election by a slim majority, but the UN failed to win a majority in the Legislative Assembly. The PLN retained control of the Assembly by winning 29 seats to 26 for the UN, with the remaining two seats being captured by a minor party, the Revolutionary Civic Union Party (PUCR).

A principal political issue at the present time revolves around the problem of how to resolve the serious fiscal problem caused by recurring budget deficits. The fact that the Trejos Government does not enjoy a majority in the Legislative Assembly has complicated efforts to resolve economic problems. The next presidential and legislative elections will be held in February 1970.

## ECONOMY

Costa Rica has Central America's highest per capita gross national product (approximately \$400) and most evenly distributed national income. Costa Rica's gross national product (GNP) reached \$593 million in 1965 and since 1955 has been growing at the rate of 4.4 percent per year in constant prices. However, when the very high population growth rate is taken into account, increases in per capita income have been considerably below the Alliance for Progress goal of 2.5 percent per year.

Although industry is becoming increasingly important, agriculture is still predominant, employing about half of the labor force. The country also is heavily dependent upon agricultural products for its export earnings; in 1965 coffee earned \$46.5 million and bananas \$28.3 million, accounting for 67 percent of total export earnings (\$111.7 million). Other important agricultural exports are cattle and beef, sugar, and cocoa. Industrial exports are rising, mainly to the other Central American Common Market (CACM) countries, largely reflecting an increase in assembly industries in the country.



The principal Costa Rican imports are manufactures, machinery and transportation equipment, and chemicals and fuels. Costa Rica has had a sizable balance-of-trade deficit every year since 1959. A major factor in the worsening trade balance has been the chronic budget deficits which have occurred in recent years. The budget deficits have generated excess demand which has been spent largely on increased imports; there has been relatively little domestic inflation. As a short-term measure to protect declining foreign exchange reserves, Costa Rica imposed a transitory multiple exchange system in January 1967. The system allows exchange for essential items to be bought at the official rate and exchange for other purposes at a free market rate. In the meantime, the Government has been studying ways to solve the budgetary problem.

The United States is Costa Rica's principal trading partner, supplying in 1965 40 percent of total imports and buying about 50 percent of total exports. The U.S. share in both Costa Rica's imports and exports has been declining in recent years. Since joining the Central American Common Market in 1962, Costa Rican trade within the CACM has increased substantially, with Costa Rica enjoying a sizable trade surplus.

Costa Rica has benefited from more than \$200 million in foreign assistance, grants, and loans since 1949, more than half coming from the United States. External assistance has accelerated since the commencement of the Alliance for Progress. On a per capita basis few countries in Latin America have received more foreign assistance than Costa Rica.

## FOREIGN RELATIONS

Costa Rica is a member of the United Nations, the Organization of American States, the Organization of Central American States, and the Central American Common Market. Costa Rica has been a vigorous and influential supporter of the inter-American system. Relations between the United States and Costa Rica have been particularly warm and cordial, owing in large part to a sincere mutual respect for shared democratic traditions.

## U.S. POLICY

In its dedication to democratic principles, constitutional stability, advanced social programs and educational standards, Costa Rica has moved far toward many of the goals postulated by the Alliance for Progress. One of the primary goals of U.S. policy is to assist the efforts of the Government of Costa Rica to speed the nation's economic development.

The existence of close and cordial U.S. relations with Costa Rica is illustrated by the wide variety of U.S. programs now operating in this Central American democracy. These programs include a variety of Agency for International Development programs and assistance, extensive Peace Corps

activities, and United States Information Staff-administered cultural and exchange programs.

## PRINCIPAL GOVERNMENT OFFICIALS

President—José Joaquín TREJOS Fernández  
 First Vice President—Dr. Jorge VEGA Rodríguez  
 Second Vice President—Virgilio CALVO Sánchez  
 Minister of Foreign Relations—Fernando LARA Bustamante  
 Minister of Government—Christian TATTENBACH Yglesias  
 Minister of Finance—Alvaro HERNÁNDEZ Piedra  
 Minister of Presidency—Diego TREJOS Fonseca  
 Minister of Security—Diego TREJOS Fonseca  
 Minister of Economy and Industries—Manuel JIMENEZ de la Guardia  
 Minister of Labor—Enrique GUIER Sanz  
 Minister of Education—Guillermo MALAVASSI Vargas  
 Minister of Agriculture—Guillermo YGLESÍAS Pacheco  
 Minister of Public Health—Dr. Alvaro AGUILAR Peralta  
 Minister of Transport—José Joaquín RODRÍGUEZ Calvo  
 Ambassador to the United States and to the Organization of American States—Fernando ORTUÑO Sobrado  
 Ambassador to the United Nations—Luis Demetrio TINOCO

Costa Rica maintains an Embassy in the United States at 2112 S Street, Washington, D.C., 20008.

## PRINCIPAL U.S. OFFICIALS

Ambassador—Clarence A. Boonstra  
 Deputy Chief of Mission—Kennedy M. Crockett  
 Director of AID Mission—Robert B. Black  
 Defense Attache—Lt. Col. Eduardo Miranda  
 Public Affairs Officer—Temple Wanamaker  
 Peace Corps Director—Richard A. Enslin

The United States maintains an Embassy in Costa Rica at Calle 1, Avenida 3, San Jose.

## BIBLIOGRAPHY

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 Biesanz, John and Mavis, Costa Rican Life, New York, Columbia University Press, 1944.  
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DEPARTMENT OF STATE PUBLICATION 7768, Revised July 1967  
 Office of Media Services, Bureau of Public Affairs

U. S. GOVERNMENT PRINTING OFFICE : 1967 O-305-209 (4)

926-090

For sale by the Superintendent of Documents, U.S. Government Printing Office  
 Washington, D.C., 20402 - Price 5 cents



Aug 26, 1968  
Mr Newton

Reasons for variances in statistics on firearms prepared  
by Bureau of Census and the Office of Munitions Control.

Census Statistics

1. Show firearms exported or imported during a given period
2. Include shotguns
3. Include firearms imported and exported to Canada
4. Compiled from Shippers' Export Declarations, Import Entry and Warehouse Withdrawal Forms

MC Statistics

1. Show firearms licensed for export during a given period (do not show actual exports). Show firearms imported against licenses issued in a given period.
2. Do not include shotguns, except in rare instances when shotgun has barrel(s) 20" or less, or is a special purpose weapon (e.g. riot gun).
3. Do not include firearms imported and exported to Canada; license not required for Canadian manufactured weapons to be imported; license not required to export firearms to Canada.
4. Compiled from licenses issued by MC.



UNCLASSIFIED

ALL AMERICAN DIPLOMATIC POSTS

179593

SUBJECT: GUN CONTROL LAWS

Department wishes obtain information concerning gun control laws other countries. Would appreciate receiving from each diplomatic post, on priority basis, statement of whether host country has gun control law and if so brief summary of law's principal elements. Following points should be considered:

1. Does law require registration or licensing of firearms or prohibit possession?
2. What types of firearms covered--handguns, rifles, shotguns?
3. What special exceptions from requirements are made in terms of persons or type of firearm?
4. Is special provision made for sporting guns?
5. Does law limit or prohibit importation or mail-order purchase of firearms?



UNCLASSIFIED

## 6. Who can sell firearms?

Department would also appreciate receiving any statistics readily available from host government concerning:

1. Deaths--Homicides, suicides, accidental deaths--due to firearms in past two to five years.
2. Number and percentage of robberies and assaults in which firearms were involved.

RUSK

UNCLASSIFIED





DEPARTMENT OF STATE

Washington, D.C. 20520

September 5, 1968

Mr. George D. Newton, Jr.,  
Co-Director, Weapons Task Force  
National Commission on the Causes and  
Prevention of Violence  
726 Jackson Place  
Washington, D. C. 20506

Dear Mr. Newton:

Attached please find a List of 28 major importers of  
hand-guns, rifles and shotguns into the United States.  
We have been able to give you a breakdown on the first  
seven of the alphabetical List of the companies which  
will give you some idea of the magnitude of these  
imports.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frederick S. York", written over the typed name.

Frederick S. York,  
Department of State Liaison Officer

Enclosures:

As stated.



September 5, 1968

Mr. George D. Newton, Jr.,  
Co-Director, Weapons Task Force  
National Commission on the Causes and  
Prevention of Violence  
726 Jackson Place  
Washington, D. C. 20506

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We have been able to give you a breakdown on the first  
seven of the alphabetical List of the companies which  
will give you some idea of the magnitude of these  
imports.

Sincerely,

Frederick S. York,  
Department of State Liaison Officer

Enclosures:

As stated.



from Mr. Rose  
State Dept

11 E 9

Firearms imported to the United States against licenses  
issued in the years 1962 - 1968 (thru May 31st).

|                              |              |                     |
|------------------------------|--------------|---------------------|
| RIFLES IMPORTED 1962         |              | 103 636             |
| PISTOLS IMPORTED 1962        |              | 202 770             |
| REVOLVERS IMPORTED 1962      |              | 35 159 35 158       |
| TOTAL FIREARMS IMPORTED 1962 |              | 421 564 421 564     |
| <hr/>                        |              |                     |
| RIFLES IMPORTED 1963         |              | 424 005 424 085     |
| PISTOLS IMPORTED 1963        |              | 142 359 142 159     |
| REVOLVERS IMPORTED 1963      |              | 74 453 74 452       |
| TOTAL FIREARMS IMPORTED 1963 |              | 640 696 640 696     |
| <hr/>                        |              |                     |
| RIFLES IMPORTED 1964         |              | 191 167 191 187     |
| PISTOLS IMPORTED 1964        |              | 123 000 123 660     |
| REVOLVERS IMPORTED 1964      |              | 45 901 45 981       |
| TOTAL FIREARMS IMPORTED 1964 |              | 365 800 365 828     |
| <hr/>                        |              |                     |
| RIFLES IMPORTED 1965         | ( 17 267) 1/ | 729 393 729 392     |
| PISTOLS IMPORTED 1965        | ( 23 736) 1/ | 253 876 253 876     |
| REVOLVERS IMPORTED 1965      | ( 37 422) 1/ | 103 057 103 057     |
| TOTAL FIREARMS IMPORTED 1965 | ( 78 425) 1/ | 1 091 325 1 091 325 |
| <hr/>                        |              |                     |
| RIFLES IMPORTED 1966         | ( 46 631) 1/ | 100 811 100 811     |
| PISTOLS IMPORTED 1966        | (102 933) 1/ | 299 503 299 596     |
| REVOLVERS IMPORTED 1966      | (260 932) 1/ | 420 141 420 141     |
| TOTAL FIREARMS IMPORTED 1966 | (410 546) 1/ | 900 540 900 548     |



|                                     |                     |           |         |
|-------------------------------------|---------------------|-----------|---------|
| RIFLES IMPORTED 1967                | ( 21 774) <u>1/</u> | 134 000   |         |
| PISTOLS IMPORTED 1967               | ( 62 731) <u>1/</u> | 302 404   |         |
| REVOLVERS IMPORTED 1967             | ( 93 864) <u>1/</u> | 285 500   | 285 500 |
| TOTAL FIREARMS IMPORTED 1967        | (178 369) <u>1/</u> | 721 904   | 721 904 |
| <hr/>                               |                     |           |         |
| RIFLES IMPORTED 1968                | ( 3 949) <u>1/</u>  | 27 453    | 27 458  |
| PISTOLS IMPORTED 1968               | ( 5 502) <u>1/</u>  | 23 824    | 23 824  |
| REVOLVERS IMPORTED 1968             | ( 24 503) <u>1/</u> | 42 178    | 42 178  |
| TOTAL FIREARMS IMPORTED 1968        | ( 33 959) <u>1/</u> | 93 450    | 93 460  |
| <hr/>                               |                     |           |         |
| RIFLES IMPORTED 1962 - 1968         | ( 89 621) <u>1/</u> | 1 879 569 | 879 569 |
| PISTOLS IMPORTED 1962 - 1968        | (194 952) <u>1/</u> | 1 358 289 | 358 289 |
| REVOLVERS IMPORTED 1962 - 1968      | (424 726) <u>1/</u> | 1 006 437 | 006 437 |
| TOTAL FIREARMS IMPORTED 1962 - 1968 | (709 299) <u>1/</u> | 4 244 325 | 244 325 |

1/ .22 caliber rimfire 1965 - 1968: Import licence not required prior to July 17, 1963  
1963





DEPARTMENT OF STATE

Washington, D.C. 20520

August 26, 1968

Mr. George D. Newton, Jr.,  
Co-Director, Weapons Task Force  
National Commission on the Causes & Prevention  
of Violence  
726 Jackson Place  
Washington, D. C. 20506

Dear Mr. Newton:

I attach for your information a copy of Department of State Publication 7182 entitled "The General Agreement on Tariffs and Trade" (GATT). You requested this office to conduct an inquiry to determine whether a complete banning of imports of weapons would contravene any GATT requirements. The pertinent Articles are Nos. IX, XX and XXI.

Consultations with Department of State Officers working in this area elicited the information that the recently-signed Omnibus Crime Bill restricts the importation of weapons into the United States to items designed specifically as sporting weapons or to military weapons readily convertible to sporting use. I understand that additional legislation has been proposed which would further restrict such importation to weapons originally manufactured for sporting or competition purposes.

To answer your question specifically, "Would a complete banning of such imports be contrary to GATT?" the answer is Yes, unless either (1) the production of or the trade in like domestic arms is similarly banned, or (2) it can be demonstrated that the situation is sufficiently different between the trade in imported and domestic arms to justify banning the imports only (see Article XX, preamble and clause (b); see also article XXI (b)(ii)). The usually-accepted rule in this area is that any difference in treatment between foreign and domestic manufacturers is suspect.



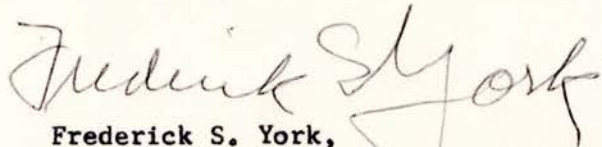
Mr. George D. Newton, Jr.     - 2 -

August 26, 1968

Additionally, any signatory to GATT must demonstrate that there is a real justification should they impose import restrictions.

I hope this will provide you with sufficient information in response to Item 4 of your recent request.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frederick S. York". The signature is fluid and cursive, with the first name "Frederick" and last name "York" being the most prominent parts.

Frederick S. York,  
Department of State Liaison Officer

Enclosure:

Department of State  
Publication 7182 (GATT)



# **THE GENERAL AGREEMENT ON TARIFFS AND TRADE**



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**MAY 1961**

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Department of State Publication 7182  
Commercial Policy Series 178  
Released June 1961

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## THE GENERAL AGREEMENT ON TARIFFS AND TRADE <sup>1</sup>

The Governments of the COMMONWEALTH OF AUSTRALIA, the KINGDOM OF BELGIUM, the UNITED STATES OF BRAZIL, BURMA, CANADA, CEYLON, the REPUBLIC OF CHILE, the REPUBLIC OF CHINA, the REPUBLIC OF CUBA, the CZECHOSLOVAK REPUBLIC, the FRENCH REPUBLIC, INDIA, LEBANON, the GRAND-DUCHY OF LUXEMBURG, the KINGDOM OF THE NETHERLANDS, NEW ZEALAND, the KINGDOM OF NORWAY, PAKISTAN, SOUTHERN RHODESIA, SYRIA, the UNION OF SOUTH AFRICA, the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, and the UNITED STATES OF AMERICA:

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods,

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce,

Have through their Representatives agreed as follows:

<sup>1</sup> The General Agreement is reproduced here as amended by various protocols, including those parts of the Protocol Amending the Preamble and Parts II and III and the Procès-Verbal of Rectification concerning that Protocol which became effective for two-thirds of the contracting parties, including the United States, on Oct. 7, 1957, and Feb. 15, 1961 (Article XIV). The remaining amendments contained in the Protocol Amending the Preamble and Parts II and III and the amendments in the Protocol Amending Part I and Articles XXIX and XXX and the Protocol of Organizational Amendments, which are not in force for any contracting party, have not been incorporated in this text.



## PART I

### Article I

#### General Most-Favoured-Nation Treatment

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and with respect to all matters referred to in paragraphs 2 and 4 of Article III, any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.

2. The provisions of paragraph 1 of this Article shall not require the elimination of any preferences in respect of import duties or charges which do not exceed the levels provided for in paragraph 4 of this Article and which fall within the following descriptions:

- (a) preferences in force exclusively between two or more of the territories listed in Annex A, subject to the conditions set forth therein;
- (b) preferences in force exclusively between two or more territories which on July 1, 1939, were connected by common sovereignty or relations of protection or suzerainty and which are listed in Annexes B, C and D, subject to the conditions set forth therein;
- (c) preferences in force exclusively between the United States of America and the Republic of Cuba;
- (d) preferences in force exclusively between neighbouring countries listed in Annexes E and F.

3. The provisions of paragraph 1 shall not apply to preferences between the countries formerly a part of the Ottoman Empire and detached from it on July 24, 1923, provided such preferences are approved under paragraph 5 of Article XXV,<sup>1</sup> which shall be applied in this respect in the light of paragraph 1 of Article XXIX.

<sup>1</sup>Pending the entry into force of the Protocol Amending Part I and Articles XXIX and XXX, this reference to Article XXV actually reads "sub-paragraph 5(a) of Article XXV," although paragraph 5 is no longer divided into sub-paragraphs (a), (b), etc., as was formerly the case. The present text of paragraph 5 was formerly sub-paragraph 5(a) of Article XXV.

4. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article but is not specifically set forth as a maximum margin of preference in the appropriate Schedule annexed to this Agreement shall not exceed:

- (a) in respect of duties or charges on any product described in such Schedule, the difference between the most-favoured-nation and preferential rates provided for therein; if no preferential rate is provided for, the preferential rate shall for the purposes of this paragraph be taken to be that in force on April 10, 1947, and, if no most-favoured-nation rate is provided for, the margin shall not exceed the difference between the most-favoured-nation and preferential rates existing on April 10, 1947;
- (b) in respect of duties or charges on any product not described in the appropriate Schedule, the difference between the most-favoured-nation and preferential rates existing on April 10, 1947.

In the case of the contracting parties named in Annex G, the date of April 10, 1947, referred to in sub-paragraphs (a) and (b) of this paragraph shall be replaced by the respective dates set forth in that Annex.

### Article II

#### Schedules of Concessions

1. (a) Each contracting party shall accord to the commerce of the other contracting parties treatment no less favourable than that provided for in the appropriate Part of the appropriate Schedule annexed to this Agreement.

(b) The products described in Part I of the Schedule relating to any contracting party, which are the products of territories of other contracting parties, shall, on their importation into the territory to which the Schedule relates, and subject to the terms, conditions or qualifications set forth in that Schedule, be exempt from ordinary customs duties in excess of those set forth and provided for therein. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date.

(c) The products described in Part II of the Schedule relating to any contracting party which are the products of territories entitled under Article I to receive preferential treatment upon importation into the territory to which the Schedule relates shall, on their importation into such territory,



and subject to the terms, conditions or qualifications set forth, in that Schedule, be exempt from ordinary customs duties in excess of those set forth and provided for in Part II of that Schedule. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this Agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date. Nothing in this Article shall prevent any contracting party from maintaining its requirements existing on the date of this Agreement as to the eligibility of goods for entry at preferential rates of duty.

2. Nothing in this Article shall prevent any contracting party from imposing at any time on the importation of any product:

- (a) a charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article III in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part;
- (b) any anti-dumping or countervailing duty applied consistently with the provisions of Article VI;
- (c) fees or other charges commensurate with the cost of services rendered.

3. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement.

4. If any contracting party establishes, maintains or authorizes, formally or in effect, a monopoly of the importation of any product described in the appropriate Schedule annexed to this Agreement, such monopoly shall not, except as provided for in that Schedule or as otherwise agreed between the parties which initially negotiated the concession, operate so as to afford protection on the average in excess of the amount of protection provided for in that Schedule. The provisions of this paragraph shall not limit the use by contracting parties of any form of assistance to domestic producers permitted by other provisions of this Agreement.

5. If any contracting party considers that a product is not receiving from another contracting party the treatment which the first contracting party believes to have been contemplated by a concession provided for in the appropriate Schedule annexed to this Agreement, it shall bring the matter directly to the attention of the other contracting party. If the latter agrees that the treatment contemplated was that claimed by the first contracting party, but declares that such treatment cannot be accorded because a court or other proper authority has ruled to the effect that the product involved cannot be classified under the tariff laws of such contracting party so

as to permit the treatment contemplated in this Agreement, the two contracting parties, together with any other contracting parties substantially interested, shall enter promptly into further negotiations with a view to a compensatory adjustment of the matter.

6. (a) The specific duties and charges included in the Schedules relating to contracting parties members of the International Monetary Fund, and margins of preference in specific duties and charges maintained by such contracting parties, are expressed in the appropriate currency at the par value accepted or provisionally recognized by the Fund at the date of this Agreement. Accordingly, in case this par value is reduced consistently with the Articles of Agreement of the International Monetary Fund by more than twenty per centum, such specific duties and charges and margins of preference may be adjusted to take account of such reduction; Provided that the CONTRACTING PARTIES (i.e., the contracting parties acting jointly as provided for in Article XXV) concur that such adjustments will not impair the value of the concessions provided for in the appropriate Schedule or elsewhere in this Agreement, due account being taken of all factors which may influence the need for, or urgency of, such adjustments.

(b) Similar provisions shall apply to any contracting party not a member of the Fund, as from the date on which such contracting party becomes a member of the Fund or enters into a special exchange agreement in pursuance of Article XV.

7. The Schedules annexed to this Agreement are hereby made an integral part of Part I of this Agreement.



## PART II

### Article III

#### National Treatment on Internal Taxation and Regulation

1. The contracting parties recognize that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations requiring the mixture, processing or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production.

2. The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, no contracting party shall otherwise apply internal taxes or other internal charges to imported or domestic products in a manner contrary to the principles set forth in paragraph 1.

3. With respect to any existing tax which is inconsistent with the provisions of paragraph 2, but which is specifically authorized under a trade agreement, in force on April 10, 1947, in which the import duty on the taxed product is bound against increase, the contracting party imposing the tax shall be free to postpone the application of the provisions of paragraph 2 to such tax until such time as it can obtain release from the obligations of such trade agreement in order to permit the increase of such duty to the extent necessary to compensate for the elimination of the protective element of the tax.

4. The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

5. No contracting party shall establish or maintain any internal quantitative regulation relating to the mixture, processing or use of products in specified amounts or

proportions which requires, directly or indirectly, that any specified amount or proportion of any product which is the subject of the regulation must be supplied from domestic sources. Moreover, no contracting party shall otherwise apply internal quantitative regulations in a manner contrary to the principles set forth in paragraph 1.

6. The provisions of paragraph 5 shall not apply to any internal quantitative regulation in force in the territory of any contracting party on July 1, 1939, April 10, 1947, or March 24, 1948, at the option of that contracting party; Provided that any such regulation which is contrary to the provisions of paragraph 5 shall not be modified to the detriment of imports and shall be treated as a customs duty for the purpose of negotiation.

7. No internal quantitative regulation relating to the mixture, processing or use of products in specified amounts or proportions shall be applied in such a manner as to allocate any such amount or proportion among external sources of supply.

8. (a) The provisions of this Article shall not apply to laws, regulations or requirements governing the procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

(b) The provisions of this Article shall not prevent the payment of subsidies exclusively to domestic producers, including payments to domestic producers derived from the proceeds of internal taxes or charges applied consistently with the provisions of this Article and subsidies effected through governmental purchases of domestic products.

9. The contracting parties recognize that internal maximum price control measures, even though conforming to the other provisions of this Article, can have effects prejudicial to the interests of contracting parties supplying imported products. Accordingly, contracting parties applying such measures shall take account of the interests of exporting contracting parties with a view to avoiding to the fullest practicable extent such prejudicial effects.

10. The provisions of this Article shall not prevent any contracting party from establishing or maintaining internal quantitative regulations relating to exposed cinematograph films and meeting the requirements of Article IV.

### Article IV

#### Special Provisions relating to Cinematograph Films

If any contracting party establishes or maintains internal quantitative regulations relating to exposed cinematograph



films, such regulations shall take the form of screen quotas which shall conform to the following requirements:

- (a) Screen quotas may require the exhibition of cinematograph films of national origin during a specified minimum proportion of the total screen time actually utilized, over a specified period of not less than one year, in the commercial exhibition of all films of whatever origin, and shall be computed on the basis of screen time per theatre per year or the equivalent thereof;
- (b) With the exception of screen time reserved for films of national origin under a screen quota, screen time including that released by administrative action from screen time reserved for films of national origin, shall not be allocated formally or in effect among sources of supply;
- (c) Notwithstanding the provisions of sub-paragraph (b) of this Article, any contracting party may maintain screen quotas conforming to the requirements of sub-paragraph (a) of this Article which reserve a minimum proportion of screen time for films of a specified origin other than that of the contracting party imposing such screen quotas; Provided that no such minimum proportion of screen time shall be increased above the level in effect on April 10, 1947;
- (d) Screen quotas shall be subject to negotiation for their limitation, liberalization or elimination.

## Article V

### Freedom of Transit

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory, with or without trans-shipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this Article "traffic in transit".

2. There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.

3. Any contracting party may require that traffic in transit through its territory be entered at the proper custom house, but, except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territories of other contracting parties shall be reasonable, having regard to the conditions of the traffic.

5. With respect to all charges, regulations and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favourable than the treatment accorded to traffic in transit to or from any third country.

6. Each contracting party shall accord to products which have been in transit through the territory of any other contracting party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment existing on the date of this Agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's prescribed method of valuation for duty purposes.

7. The provisions of this Article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods (including baggage).

## Article VI

### Anti-dumping and Countervailing Duties

1. The contracting parties recognize that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in the territory of a contracting party or materially retards the establishment of a domestic industry. For the purposes of this Article, a product is to be considered as being introduced into the



commerce of an importing country at less than its normal value, if the price of the product exported from one country to another

- (a) is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or,
- (b) in the absence of such domestic price, is less than either
  - (i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or
  - (ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

2. In order to offset or prevent dumping, a contracting party may levy on any dumped product an anti-dumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this Article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph 1.

3. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production or export of any merchandise.

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to anti-dumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation, or by reason of the refund of such duties or taxes.

5. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both anti-dumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

6. (a) No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.

(b) The CONTRACTING PARTIES may waive the requirement of sub-paragraph (a) of this paragraph so as to permit a contracting party to levy an anti-dumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party. The CONTRACTING PARTIES shall waive the requirements of sub-paragraph (a) of this paragraph, so as to permit the levying of a countervailing duty, in cases in which they find that a subsidy is causing or threatening material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party.

(c) In exceptional circumstances, however, where delay might cause damage which would be difficult to repair, a contracting party may levy a countervailing duty for the purpose referred to in sub-paragraph (b) of this paragraph without the prior approval of the CONTRACTING PARTIES; Provided that such action shall be reported immediately to the CONTRACTING PARTIES and that the countervailing duty shall be withdrawn promptly if the CONTRACTING PARTIES disapprove.

7. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be presumed not to result in material injury within the meaning of paragraph 6 if it is determined by consultation among the contracting parties substantially interested in the commodity concerned that:

- (a) the system has also resulted in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market, and
- (b) the system is so operated, either because of the effective regulation of production, or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.



## Article VII

### Valuation for Customs Purposes

1. The contracting parties recognize the validity of the general principles of valuation set forth in the following paragraphs of this Article, and they undertake to give effect to such principles, in respect of all products subject to duties or other charges or restrictions on importation and exportation based upon or regulated in any manner by value. Moreover, they shall, upon a request by another contracting party review the operation of any of their laws or regulations relating to value for customs purposes in the light of these principles. The CONTRACTING PARTIES may request from contracting parties reports on steps taken by them in pursuance of the provisions of this Article.

2. (a) The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(b) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation, such or like merchandise is sold or offered for sale in the ordinary course of trade under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either (i) comparable quantities, or (ii) quantities not less favourable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(c) When the actual value is not ascertainable in accordance with sub-paragraph (b) of this paragraph, the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

3. The value for customs purposes of any imported product should not include the amount of any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund.

4. (a) Except as otherwise provided for in this paragraph, where it is necessary for the purposes of paragraph 2 of this Article for a contracting party to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used shall be based, for each currency involved, on the par value as established pursuant to the Articles of Agreement of the International Monetary Fund or on the rate of exchange recognized by the Fund, or on the par value established in accordance with a special exchange agreement entered into pursuant to Article XV of this Agreement.

(b) Where no such established par value and no such recognized rate of exchange exist, the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(c) The CONTRACTING PARTIES, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by contracting parties of any foreign currency in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any contracting party may apply such rules in respect of such foreign currencies for the purposes of paragraph 2 of this Article as an alternative to the use of par values. Until such rules are adopted by the CONTRACTING PARTIES, any contracting party may employ, in respect of any such foreign currency, rules of conversion for the purposes of paragraph 2 of this Article which are designed to reflect effectively the value of such foreign currency in commercial transactions.

(d) Nothing in this paragraph shall be construed to require any contracting party to alter the method of converting currencies for customs purposes which is applicable in its territory on the date of this Agreement, if such alteration would have the effect of increasing generally the amounts of duty payable.

5. The bases and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

## Article VIII

### Fees and Formalities connected with Importation and Exportation

1. (a) All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.

(b) The contracting parties recognize the need for reducing the number and diversity of fees and charges referred to in sub-paragraph (a).

(c) The contracting parties also recognize the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements.



2. A contracting party shall, upon request by another contracting party or by the CONTRACTING PARTIES, review the operation of its laws and regulations in the light of the provisions of this Article.

3. No contracting party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross negligence shall be greater than necessary to serve merely as a warning.

4. The provisions of this Article shall extend to fees, charges, formalities and requirements imposed by governmental authorities in connection with importation and exportation, including those relating to:

- (a) consular transactions, such as consular invoices and certificates;
- (b) quantitative restrictions;
- (c) licensing;
- (d) exchange control;
- (e) statistical services;
- (f) documents, documentation and certification;
- (g) analysis and inspection; and
- (h) quarantine, sanitation and fumigation.

#### Article IX

##### Marks of Origin

1. Each contracting party shall accord to the products of the territories of other contracting parties treatment with regard to marking requirements no less favourable than the treatment accorded to like products of any third country.

2. The contracting parties recognize that, in adopting and enforcing laws and regulations relating to marks of origin, the difficulties and inconveniences which such measures may cause to the commerce and industry of exporting countries should be reduced to a minimum, due regard being had to the necessity of protecting consumers against fraudulent or misleading indications.

3. Whenever it is administratively practicable to do so, contracting parties should permit required marks of origin to be affixed at the time of importation.

4. The laws and regulations of contracting parties relating to the marking of imported products shall be such as to permit compliance without seriously damaging the products, or materially reducing their value, or unreasonably increasing their cost.

5. As a general rule, no special duty or penalty should be imposed by any contracting party for failure to comply with

marking requirements prior to importation unless corrective marking is unreasonably delayed or deceptive marks have been affixed or the required marking has been intentionally omitted.

6. The contracting parties shall co-operate with each other with a view to preventing the use of trade names in such manner as to misrepresent the true origin of a product, to the detriment of such distinctive regional or geographical names of products of the territory of a contracting party as are protected by its legislation. Each contracting party shall accord full and sympathetic consideration to such requests or representations as may be made by any other contracting party regarding the application of the undertaking set forth in the preceding sentence to names of products which have been communicated to it by the other contracting party.

#### Article X

##### Publication and Administration of Trade Regulations

1. Laws, regulations, judicial decisions and administrative rulings of general application, made effective by any contracting party, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing or other use, shall be published promptly in such a manner as to enable governments and traders to become acquainted with them. Agreements affecting international trade policy which are in force between the government or a governmental agency of any contracting party and the government or governmental agency of any other contracting party shall also be published. The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. No measure of general application taken by any contracting party effecting an advance in a rate of duty or other charge on imports under an established and uniform practice, or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of payments therefor, shall be enforced before such measure has been officially published.

3. (a) Each contracting party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, decisions and rulings of the kind described in paragraph 1 of this Article.



(b) Each contracting party shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by, and shall govern the practice of, such agencies unless an appeal is lodged with a court or tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers; Provided that the central administration of such agency may take steps to obtain a review of the matter in another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(c) The provisions of sub-paragraph (b) of this paragraph shall not require the elimination or substitution of procedures in force in the territory of a contracting party on the date of this Agreement which in fact provide for an objective and impartial review of administrative action even though such procedures are not fully or formally independent of the agencies entrusted with administrative enforcement. Any contracting party employing such procedures shall, upon request, furnish the CONTRACTING PARTIES with full information thereon in order that they may determine whether such procedures conform to the requirements of this sub-paragraph.

## Article XI

### General Elimination of Quantitative Restrictions

1. No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.

2. The provisions of paragraph 1 of this Article shall not extend to the following:

- (a) Export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party;
- (b) Import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade;

(c) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate:

- (i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted; or
- (ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or
- (iii) to restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

Any contracting party applying restrictions on the importation of any product pursuant to sub-paragraph (c) of this paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (i) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the contracting party shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned.

## Article XII

### Restrictions to Safeguard the Balance of Payments

1. Notwithstanding the provisions of paragraph 1 of Article XI, any contracting party, in order to safeguard its external financial position and its balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article.



2. (a) Import restrictions instituted, maintained or intensified by a contracting party under this Article shall not exceed those necessary:

- (i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or
- (ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the reserves of such contracting party or its need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

(b) Contracting parties applying restrictions under sub-paragraph (a) of this paragraph shall progressively relax them as such conditions improve, maintaining them only to the extent that the conditions specified in that sub-paragraph still justify their application. They shall eliminate the restrictions when conditions would no longer justify their institution or maintenance under that sub-paragraph.

3. (a) Contracting parties undertake, in carrying out their domestic policies, to pay due regard to the need for maintaining or restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of avoiding an uneconomic employment of productive resources. They recognize that in order to achieve these ends, it is desirable so far as possible to adopt measures which expand rather than contract international trade.

(b) Contracting parties applying restrictions under this Article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential.

(c) Contracting parties applying restrictions under this Article undertake:

- (i) to avoid unnecessary damage to the commercial or economic interests of any other contracting party;
- (ii) not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade; and
- (iii) not to apply restrictions which would prevent the importation of commercial samples or prevent compliance with patent, trade mark, copyright, or similar procedures.

(d) The contracting parties recognize that, as a result of domestic policies directed towards the achievement and maintenance of full and productive employment or towards the development of economic resources, a contracting party may experience a high level of demand for imports involving a threat to its monetary reserves of the sort referred to in paragraph 2(a) of this Article. Accordingly, a contracting party otherwise complying with the provisions of this Article shall not be required to withdraw or modify restrictions on the ground that a change in those policies would render unnecessary restrictions which it is applying under this Article.

4. (a) Any contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under this Article shall immediately after instituting or intensifying such restrictions (or, in circumstances in which prior consultation is practicable, before doing so) consult with the CONTRACTING PARTIES as to the nature of its balance of payments difficulties, alternative corrective measures which may be available, and the possible effect of the restrictions on the economies of other contracting parties.

(b) On a date to be determined by them, the CONTRACTING PARTIES shall review all restrictions still applied under this Article on that date. Beginning one year after that date, contracting parties applying import restrictions under this Article shall enter into consultations of the type provided for in sub-paragraph (a) of this paragraph with the CONTRACTING PARTIES annually.

(c) (i) If, in the course of consultations with a contracting party under sub-paragraph (a) or (b) above, the CONTRACTING PARTIES find that the restrictions are not consistent with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV), they shall indicate the nature of the inconsistency and may advise that the restrictions be suitably modified.

(ii) If, however, as a result of the consultations, the CONTRACTING PARTIES determine that the restrictions are being applied in a manner involving an inconsistency of a serious nature with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that damage to the trade of any contracting party is caused or threatened thereby, they shall so inform the contracting party applying the restrictions and shall make appropriate recommendations for securing conformity with such provisions within a specified period of time. If such contracting party does not comply with these recommendations within the specified period, the CONTRACTING PARTIES may release any contracting party the trade of which is adversely affected by the restrictions from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.



(d) The CONTRACTING PARTIES shall invite any contracting party which is applying restrictions under this Article to enter into consultations with them at the request of any contracting party which can establish a prima facie case that the restrictions are inconsistent with the provisions of this Article or with those of Article XIII (subject to the provisions of Article XIV) and that its trade is adversely affected thereby. However, no such invitation shall be issued unless the CONTRACTING PARTIES have ascertained that direct discussions between the contracting parties concerned have not been successful. If, as a result of the consultations with the CONTRACTING PARTIES, no agreement is reached and they determine that the restrictions are being applied inconsistently with such provisions, and that damage to the trade of the contracting party initiating the procedure is caused or threatened thereby, they shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified within such time as the CONTRACTING PARTIES may prescribe, they may release the contracting party initiating the procedure from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(e) In proceeding under this paragraph, the CONTRACTING PARTIES shall have due regard to any special external factors adversely affecting the export trade of the contracting party applying restrictions.

(f) Determinations under this paragraph shall be rendered expeditiously and, if possible, within sixty days of the initiation of the consultations.

5. If there is a persistent and widespread application of import restrictions under this Article, indicating the existence of a general disequilibrium which is restricting international trade, the CONTRACTING PARTIES shall initiate discussions to consider whether other measures might be taken, either by those contracting parties the balances of payments of which are under pressure or by those the balances of payments of which are tending to be exceptionally favourable, or by any appropriate intergovernmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the CONTRACTING PARTIES, contracting parties shall participate in such discussions.

### Article XIII

#### Non-discriminatory Administration of Quantitative Restrictions

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation

of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In applying import restrictions to any product, contracting parties shall aim at a distribution of trade in such product approaching as closely as possible the shares which the various contracting parties might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:

- (a) Wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3(b) of this Article;
- (b) In cases in which quotas are not practicable, the restrictions may be applied by means of import licences or permits without a quota;
- (c) Contracting parties shall not, except for purposes of operating quotas allocated in accordance with subparagraph (d) of this paragraph, require that import licences or permits be utilized for the importation of the product concerned from a particular country or source;
- (d) In cases in which a quota is allocated among supplying countries, the contracting party applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product shares based upon the proportions, supplied by such contracting parties during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any contracting party from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In cases in which import licences are issued in connection with import restrictions, the contracting party applying the restrictions shall provide, upon the request of any contracting party having an interest in the trade in the



product concerned, all relevant information concerning the administration of the restrictions, the import licences granted over a recent period and the distribution of such licences among supplying countries; Provided that there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas, the contracting party applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry; Provided that they may be counted so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods; and Provided further that if any contracting party customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of thirty days after the day of such public notice, such practice shall be considered full compliance with this subparagraph.

(c) In the case of quotas allocated among supplying countries, the contracting party applying the restrictions shall promptly inform all other contracting parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

4. With regard to restrictions applied in accordance with paragraph 2(d) of this Article or under paragraph 2(c) of Article XI, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the contracting party applying the restriction; Provided that such contracting party shall, upon the request of any other contracting party having a substantial interest in supplying that product or upon the request of the CONTRACTING PARTIES, consult promptly with the other contracting party or the CONTRACTING PARTIES regarding the need for an adjustment of the proportion determined or of the base period selected, or for the reappraisal of the special factors involved, or for the elimination of conditions, formalities or any other provisions established unilaterally relating to the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this Article shall apply to any tariff quota instituted or maintained by any contracting party, and, in so far as applicable, the principles of this Article shall also extend to export restrictions.

## Article XIV<sup>1</sup>

### Exceptions to the Rule of Non-discrimination

1. A contracting party which applies restrictions under Article XII or under Section B of Article XVIII may, in the application of such restrictions, deviate from the provisions of Article XIII in a manner having equivalent effect to restrictions on payments and transfers for current international transactions which that contracting party may at that time apply under Article VIII or XIV of the Articles of Agreement of the International Monetary Fund, or under analogous provisions of a special exchange agreement entered into pursuant to paragraph 6 of Article XV.

2. A contracting party which is applying import restrictions under Article XII or under Section B of Article XVIII may, with the consent of the CONTRACTING PARTIES, temporarily deviate from the provisions of Article XIII in respect of a small part of its external trade where the benefits to the contracting party or contracting parties concerned substantially outweigh any injury which may result to the trade of other contracting parties.

3. The provisions of Article XIII shall not preclude a group of territories having a common quota in the International Monetary Fund from applying against imports from other countries, but not among themselves, restrictions in accordance with the provisions of Article XII or of Section B of Article XVIII on condition that such restrictions are in all other respects consistent with the provisions of Article XIII.

4. A contracting party applying import restrictions under Article XII or under Section B of Article XVIII shall not be precluded by Articles XI to XV or Section B of Article XVIII of this Agreement from applying measures to direct its exports in such a manner as to increase its earnings of currencies which it can use without deviation from the provisions of Article XIII.

5. A contracting party shall not be precluded by Articles XI to XV, inclusive, or by Section B of Article XVIII, of this Agreement from applying quantitative restrictions:

(a) having equivalent effect to exchange restrictions authorized under Section 3(b) of Article VII of the Articles of Agreement of the International Monetary Fund, or

(b) under the preferential arrangements provided for in Annex A of this Agreement, pending the outcome of the negotiations referred to therein.

<sup>1</sup>Text as amended Feb. 15, 1961, on which date Annex J was deleted.



## Article XV

### Exchange Arrangements

1. The CONTRACTING PARTIES shall seek co-operation with the International Monetary Fund to the end that the CONTRACTING PARTIES and the Fund may pursue a co-ordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the CONTRACTING PARTIES.

2. In all cases in which the CONTRACTING PARTIES are called upon to consider or deal with problems concerning monetary reserves, balances of payments or foreign exchange arrangements, they shall consult fully with the International Monetary Fund. In such consultations, the CONTRACTING PARTIES shall accept all findings of statistical and other facts presented by the Fund relating to foreign exchange, monetary reserves and balances of payments, and shall accept the determination of the Fund as to whether action by a contracting party in exchange matters is in accordance with the Articles of Agreement of the International Monetary Fund, or with the terms of a special exchange agreement between that contracting party and the CONTRACTING PARTIES. The CONTRACTING PARTIES, in reaching their final decision in cases involving the criteria set forth in paragraph 2 (a) of Article XII or in paragraph 9 of Article XVIII, shall accept the determination of the Fund as to what constitutes a serious decline in the contracting party's monetary reserves, a very low level of its monetary reserves or a reasonable rate of increase in its monetary reserves, and as to the financial aspects of other matters covered in consultation in such cases.

3. The CONTRACTING PARTIES shall seek agreement with the Fund regarding procedures for consultation under paragraph 2 of this Article.

4. Contracting parties shall not, by exchange action, frustrate the intent of the provisions of this Agreement, nor, by trade action, the intent of the provisions of the Articles of Agreement of the International Monetary Fund.

5. If the CONTRACTING PARTIES consider, at any time, that exchange restrictions on payments and transfers in connection with imports are being applied by a contracting party in a manner inconsistent with the exceptions provided for in this Agreement for quantitative restrictions, they shall report thereon to the Fund.

6. Any contracting party which is not a member of the Fund shall, within a time to be determined by the CONTRACTING PARTIES after consultation with the Fund, become a member of the Fund, or, failing that, enter into a special exchange agreement with the CONTRACTING PARTIES. A contracting party which ceases to be a member

of the Fund shall forthwith enter into a special exchange agreement with the CONTRACTING PARTIES. Any special exchange agreement entered into by a contracting party under this paragraph shall thereupon become part of its obligations under this Agreement.

7. (a) A special exchange agreement between a contracting party and the CONTRACTING PARTIES under paragraph 6 of this Article shall provide to the satisfaction of the CONTRACTING PARTIES that the objectives of this Agreement will not be frustrated as a result of action in exchange matters by the contracting party in question.

(b) The terms of any such agreement shall not impose obligations on the contracting party in exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on members of the Fund.

8. A contracting party which is not a member of the Fund shall furnish such information within the general scope of section 5 of Article VIII of the Articles of Agreement of the International Monetary Fund as the CONTRACTING PARTIES may require in order to carry out their functions under this Agreement.

9. Nothing in this Agreement shall preclude:

- (a) the use by a contracting party of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund or with that contracting party's special exchange agreement with the CONTRACTING PARTIES, or
- (b) the use by a contracting party of restrictions or controls on imports or exports, the sole effect of which, additional to the effects permitted under Articles XI, XII, XIII and XIV, is to make effective such exchange controls or exchange restrictions.

## Article XVI

### Subsidies

#### Section A--Subsidies in General

1. If any contracting party grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, it shall notify the CONTRACTING PARTIES in writing of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from its territory and of the circumstances making the subsidization necessary. In any case in which it is determined that



serious prejudice to the interests of any other contracting party is caused or threatened by any such subsidization, the contracting party granting the subsidy shall, upon request, discuss with the other contracting party or parties concerned, or with the CONTRACTING PARTIES, the possibility of limiting the subsidization.

#### Section B--Additional Provisions on Export Subsidies

2. The contracting parties recognize that the granting by a contracting party of a subsidy on the export of any product may have harmful effects for other contracting parties, both importing and exporting, may cause undue disturbance to their normal commercial interests, and may hinder the achievement of the objectives of this Agreement.

3. Accordingly, contracting parties should seek to avoid the use of subsidies on the export of primary products. If, however, a contracting party grants directly or indirectly any form of subsidy which operates to increase the export of any primary product from its territory, such subsidy shall not be applied in a manner which results in that contracting party having more than an equitable share of world export trade in that product, account being taken of the shares of the contracting parties in such trade in the product during a previous representative period, and any special factors which may have affected or may be affecting such trade in the product.

4. Further, as from 1 January 1958 or the earliest practicable date thereafter, contracting parties shall cease to grant either directly or indirectly any form of subsidy on the export of any product other than a primary product which subsidy results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market. Until 31 December 1957 no contracting party shall extend the scope of any such subsidization beyond that existing on 1 January 1955 by the introduction of new, or the extension of existing, subsidies.

5. The CONTRACTING PARTIES shall review the operation of the provisions of this Article from time to time with a view to examining its effectiveness, in the light of actual experience, in promoting the objectives of this Agreement and avoiding subsidization seriously prejudicial to the trade or interests of contracting parties.

#### Article XVII

##### State Trading Enterprises

1. (a) Each contracting party undertakes that if it establishes or maintains a State enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or

special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment prescribed in this Agreement for governmental measures affecting imports or exports by private traders.

(b) The provisions of sub-paragraph (a) of this paragraph shall be understood to require that such enterprises shall, having due regard to the other provisions of this Agreement, make any such purchases or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale, and shall afford the enterprises of the other contracting parties adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.

(c) No contracting party shall prevent any enterprise (whether or not an enterprise described in sub-paragraph (a) of this paragraph) under its jurisdiction from acting in accordance with the principles of sub-paragraphs (a) and (b) of this paragraph.

2. The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for re-sale or use in the production of goods for sale. With respect to such imports, each contracting party shall accord to the trade of the other contracting parties fair and equitable treatment.

3. The contracting parties recognize that enterprises of the kind described in paragraph 1 (a) of this Article might be operated so as to create serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis designed to limit or reduce such obstacles are of importance to the expansion of international trade.

4. (a) Contracting parties shall notify the CONTRACTING PARTIES of the products which are imported into or exported from their territories by enterprises of the kind described in paragraph 1 (a) of this Article.

(b) A contracting party establishing, maintaining or authorizing an import monopoly of a product, which is not the subject of a concession under Article II, shall, on the request of another contracting party having a substantial trade in the product concerned, inform the CONTRACTING PARTIES of the import markup on the product during a recent representative period, or, when it is not possible to do so, of the price charged on the resale of the product.

(c) The CONTRACTING PARTIES may, at the request of a contracting party which has reason to believe that its interests under this Agreement are being adversely affected by the operations of an enterprise of the kind described in paragraph 1 (a), request the contracting party establishing, maintaining or authorizing such enterprise to supply information about its operations related to the carrying out of the provisions of this Agreement.



(d) The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises.

## Article XVIII

### Governmental Assistance to Economic Development

1. The contracting parties recognize that the attainment of the objectives of this Agreement will be facilitated by the progressive development of their economies, particularly of those contracting parties the economies of which can only support low standards of living and are in the early stages of development.

2. The contracting parties recognize further that it may be necessary for those contracting parties, in order to implement programmes and policies of economic development designed to raise the general standard of living of their people, to take protective or other measures affecting imports, and that such measures are justified in so far as they facilitate the attainment of the objectives of this Agreement. They agree, therefore, that those contracting parties should enjoy additional facilities to enable them (a) to maintain sufficient flexibility in their tariff structure to be able to grant the tariff protection required for the establishment of a particular industry and (b) to apply quantitative restrictions for balance of payments purposes in a manner which takes full account of the continued high level of demand for imports likely to be generated by their programmes of economic development.

3. The contracting parties recognize finally that with those additional facilities which are provided for in Sections A and B of this Article, the provisions of this Agreement would normally be sufficient to enable contracting parties to meet the requirements of their economic development. They agree, however, that there may be circumstances where no measure consistent with those provisions is practicable to permit a contracting party in the process of economic development to grant the governmental assistance required to promote the establishment of particular industries with a view to raising the general standard of living of its people. Special procedures are laid down in Sections C and D of this Article to deal with those cases.

4. (a) Consequently, a contracting party the economy of which can only support low standards of living and is in the early stages of development shall be free to deviate temporarily from the provisions of the other Articles of this Agreement, as provided in Sections A, B and C of this Article.

(b) A contracting party the economy of which is in the process of development but which does not come within the scope of sub-paragraph (a) above, may submit applications to the CONTRACTING PARTIES under Section D of this Article.

5. The contracting parties recognize that the export earnings of contracting parties the economies of which are of the type described in paragraph 4 (a) and (b) above, and which depend on exports of a small number of primary commodities may be seriously reduced by a decline in the sale of such commodities. Accordingly, when the exports of primary commodities by such a contracting party are seriously affected by measures taken by another contracting party, it may have resort to the consultation provisions of Article XXII of this Agreement.

6. The CONTRACTING PARTIES shall review annually all measures applied pursuant to the provisions of Sections C and D of this Article.

### Section A

7. (a) If a contracting party coming within the scope of paragraph 4 (a) of this Article considers it desirable, in order to promote the establishment of a particular industry with a view to raising the general standard of living of its people, to modify or withdraw a concession included in the appropriate Schedule annexed to this Agreement, it shall notify the CONTRACTING PARTIES to this effect and enter into negotiations with any contracting party with which such concession was initially negotiated, and with any other contracting party determined by the CONTRACTING PARTIES to have a substantial interest therein. If agreement is reached between such contracting parties concerned, they shall be free to modify or withdraw concessions under the appropriate Schedules to this Agreement in order to give effect to such agreement, including any compensatory adjustments involved.

(b) If agreement is not reached within sixty days after the notification provided for in sub-paragraph (a) above, the contracting party which proposes to modify or withdraw the concession may refer the matter to the CONTRACTING PARTIES, which shall promptly examine it. If they find that the contracting party which proposes to modify or withdraw the concession has made every effort to reach an agreement and that the compensatory adjustment offered by it is adequate, that contracting party shall be free to modify or withdraw the concession if at the same time, it gives effect to the compensatory adjustment. If the CONTRACTING PARTIES do not find that the compensation offered by a contracting party proposing to modify or withdraw the concession is adequate, but find that it has made every reasonable effort to offer adequate compensation, that contracting party shall be free to proceed with such modification or withdrawal. If



such action is taken, any other contracting party referred to in sub-paragraph (a) above shall be free to modify or withdraw substantially equivalent concessions initially negotiated with the contracting party which has taken the action.

## Section B

8. The contracting parties recognize that contracting parties coming within the scope of paragraph 4 (a) of this Article tend, when they are in rapid process of development, to experience balance of payments difficulties arising mainly from efforts to expand their internal markets as well as from the instability in their terms of trade.

9. In order to safeguard its external financial position and to ensure a level of reserves adequate for the implementation of its programme of economic development, a contracting party coming within the scope of paragraph 4 (a) of this Article may, subject to the provisions of paragraphs 10 to 12, control the general level of its imports by restricting the quantity or value of merchandise permitted to be imported; Provided that the import restrictions instituted, maintained or intensified shall not exceed those necessary:

(a) to forestall the threat of, or to stop, a serious decline in its monetary reserves, or

(b) in the case of a contracting party with inadequate monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the reserves of the contracting party or its need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

10. In applying these restrictions, the contracting party may determine their incidence on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential in the light of its policy of economic development; Provided that the restrictions are so applied as to avoid unnecessary damage to the commercial or economic interests of any other contracting party and not to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade; and Provided further that the restrictions are not so applied as to prevent the importation of commercial samples or to prevent compliance with patent, trademark, copyright or similar procedures.

11. In carrying out its domestic policies, the contracting party concerned shall pay due regard to the need for restoring equilibrium in its balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources. It shall progressively relax any restrictions applied under this Section as conditions improve, maintaining them only to the extent necessary under the terms of paragraph 9 of this Article and shall eliminate them when conditions no longer justify such maintenance; Provided that no contracting party shall be required to withdraw or modify restrictions on the ground that a change in its development policy would render unnecessary the restrictions which it is applying under this Section.

12. (a) Any contracting party applying new restrictions or raising the general level of its existing restrictions by a substantial intensification of the measures applied under this Section, shall immediately after instituting or intensifying such restrictions (or, in circumstances in which prior consultation is practicable, before doing so) consult with the CONTRACTING PARTIES as to the nature of its balance of payments difficulties, alternative corrective measures which may be available, and the possible effect of the restrictions on the economies of other contracting parties.

(b) On a date to be determined by them, the CONTRACTING PARTIES shall review all restrictions still applied under this Section on that date. Beginning two years after that date, contracting parties applying restrictions under this Section shall enter into consultations of the type provided for in sub-paragraph (a) above with the CONTRACTING PARTIES at intervals of approximately, but not less than, two years according to a programme to be drawn up each year by the CONTRACTING PARTIES; Provided that no consultation under this sub-paragraph shall take place within two years after the conclusion of a consultation of a general nature under any other provision of this paragraph.

(c) (i) If, in the course of consultations with a contracting party under sub-paragraph (a) or (b) of this paragraph, the CONTRACTING PARTIES find that the restrictions are not consistent with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV), they shall indicate the nature of the inconsistency and may advise that the restrictions be suitably modified.

(ii) If, however, as a result of the consultations, the CONTRACTING PARTIES determine that the restrictions are being applied in a manner involving an inconsistency of a serious nature with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV) and that damage to the trade of any contracting party is caused or threatened thereby, they shall so inform the contracting party applying the restrictions and shall make appropriate recommendations for securing conformity with such provisions within a specified period. If such contracting



party does not comply with these recommendations within the specified period, the CONTRACTING PARTIES may release any contracting party the trade of which is adversely affected by the restrictions from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(d) The CONTRACTING PARTIES shall invite any contracting party which is applying restrictions under this Section to enter into consultations with them at the request of any contracting party which can establish a prima facie case that the restrictions are inconsistent with the provisions of this Section or with those of Article XIII (subject to the provisions of Article XIV) and that its trade is adversely affected thereby. However, no such invitation shall be issued unless the CONTRACTING PARTIES have ascertained that direct discussions between the contracting parties concerned have not been successful. If, as a result of the consultations with the CONTRACTING PARTIES no agreement is reached and they determine that the restrictions are being applied inconsistently with such provisions, and that damage to the trade of the contracting party initiating the procedure is caused or threatened thereby, they shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified within such time as the CONTRACTING PARTIES may prescribe, they may release the contracting party initiating the procedure from such obligations under this Agreement towards the contracting party applying the restrictions as they determine to be appropriate in the circumstances.

(e) If a contracting party against which action has been taken in accordance with the last sentence of sub-paragraph (c)(ii) or (d) of this paragraph, finds that the release of obligations authorized by the CONTRACTING PARTIES adversely affects the operation of its programme and policy of economic development, it shall be free, not later than sixty days after such action is taken, to give written notice to the Executive Secretary to the CONTRACTING PARTIES of its intention to withdraw from this Agreement and such withdrawal shall take effect on the sixtieth day following the day on which the notice is received by him.

(f) In proceeding under this paragraph, the CONTRACTING PARTIES shall have due regard to the factors referred to in paragraph 2 of this Article. Determinations under this paragraph shall be rendered expeditiously and, if possible, within sixty days of the initiation of the consultations.

### Section C

13. If a contracting party coming within the scope of paragraph 4(a) of this Article finds that governmental

assistance is required to promote the establishment of a particular industry with a view to raising the general standard of living of its people, but that no measure consistent with the other provisions of this Agreement is practicable to achieve that objective, it may have recourse to the provisions and procedures set out in this Section.

14. The contracting party concerned shall notify the CONTRACTING PARTIES of the special difficulties which it meets in the achievement of the objective outlined in paragraph 13 of this Article and shall indicate the specific measure affecting imports which it proposes to introduce in order to remedy these difficulties. It shall not introduce that measure before the expiration of the time-limit laid down in paragraph 15 or 17, as the case may be, or if the measure affects imports of a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, unless it has secured the concurrence of the CONTRACTING PARTIES in accordance with the provisions of paragraph 18; Provided that, if the industry receiving assistance has already started production, the contracting party may, after informing the CONTRACTING PARTIES, take such measures as may be necessary to prevent, during that period, imports of the product or products concerned from increasing substantially above a normal level.

15. If, within thirty days of the notification of the measure, the CONTRACTING PARTIES do not request the contracting party concerned to consult with them, that contracting party shall be free to deviate from the relevant provisions of the other Articles of this Agreement to the extent necessary to apply the proposed measure.

16. If it is requested by the CONTRACTING PARTIES to do so, the contracting party concerned shall consult with them as to the purpose of the proposed measure, as to alternative measures which may be available under this Agreement, and as to the possible effect of the measure proposed on the commercial and economic interests of other contracting parties. If, as a result of such consultation, the CONTRACTING PARTIES agree that there is no measure consistent with the other provisions of this Agreement which is practicable in order to achieve the objective outlined in paragraph 13 of this Article, and concur in the proposed measure, the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to apply that measure.

17. If, within ninety days after the date of the notification of the proposed measure under paragraph 14 of this Article, the CONTRACTING PARTIES have not concurred in such measure, the contracting party concerned may introduce the measure proposed after informing the CONTRACTING PARTIES.



18. If the proposed measure affects a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, the contracting party concerned shall enter into consultations with any other contracting party with which the concession was initially negotiated, and with any other contracting party determined by the CONTRACTING PARTIES to have a substantial interest therein. The CONTRACTING PARTIES shall concur in the measure if they agree that there is no measure consistent with the other provisions of this Agreement which is practicable in order to achieve the objective set forth in paragraph 13 of this Article, and if they are satisfied:

(a) that agreement has been reached with such other contracting parties as a result of the consultations referred to above, or

(b) if no such agreement has been reached within sixty days after the notification provided for in paragraph 14 has been received by the CONTRACTING PARTIES, that the contracting party having recourse to this Section has made all reasonable efforts to reach an agreement and that the interests of other contracting parties are adequately safeguarded.

The contracting party having recourse to this Section shall thereupon be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to permit it to apply the measure.

19. If a proposed measure of the type described in paragraph 13 of this Article concerns an industry the establishment of which has in the initial period been facilitated by incidental protection afforded by restrictions imposed by the contracting party concerned for balance of payments purposes under the relevant provisions of this Agreement, that contracting party may resort to the provisions and procedures of this Section; Provided that it shall not apply the proposed measure without the concurrence of the CONTRACTING PARTIES.

20. Nothing in the preceding paragraphs of this Section shall authorize any deviation from the provisions of Articles I, II and XIII of this Agreement. The provisos to paragraph 10 of this Article shall also be applicable to any restriction under this Section.

21. At any time while a measure is being applied under paragraph 17 of this Article any contracting party substantially affected by it may suspend the application to the trade of the contracting party having recourse to this Section of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove; Provided that sixty days' notice of such suspension is given to the CONTRACTING PARTIES not later than six months after

the measure has been introduced or changed substantially to the detriment of the contracting party affected. Any such contracting party shall afford adequate opportunity for consultation in accordance with the provisions of Article XXII of this Agreement.

#### Section D

22. A contracting party coming within the scope of subparagraph 4(b) of this Article desiring, in the interest of the development of its economy, to introduce a measure of the type described in paragraph 13 of this Article in respect of the establishment of a particular industry may apply to the CONTRACTING PARTIES for approval of such measure. The CONTRACTING PARTIES shall promptly consult with such contracting party and shall, in making their decision, be guided by the considerations set out in paragraph 16. If the CONTRACTING PARTIES concur in the proposed measure the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to permit it to apply the measure. If the proposed measure affects a product which is the subject of a concession included in the appropriate Schedule annexed to this Agreement, the provisions of paragraph 18 shall apply.

23. Any measure applied under this Section shall comply with the provisions of paragraph 20 of this Article.

#### Article XIX

##### Emergency Action on Imports of Particular Products

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the



territory of a contracting party in the circumstances set forth in sub-paragraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the CONTRACTING PARTIES as far in advance as may be practicable and shall afford the CONTRACTING PARTIES and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 of this Article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the CONTRACTING PARTIES, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1(b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this Agreement the suspension of which the CONTRACTING PARTIES do not disapprove.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such concessions or other obligations as may be necessary to prevent or remedy the injury.

## Article XX

### General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

- (a) necessary to protect public morals;
- (b) necessary to protect human, animal or plant life or health;
- (c) relating to the importation or exportation of gold or silver;
- (d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of Article II and Article XVII, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices;
- (e) relating to the products of prison labour;
- (f) imposed for the protection of national treasures of artistic, historic or archaeological value;
- (g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;
- (h) undertaken in pursuance of obligations under any inter-governmental commodity agreement which conforms to criteria submitted to the CONTRACTING PARTIES and not disapproved by them or which is itself so submitted and not so disapproved;
- (i) involving restrictions on exports of domestic materials necessary to assure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilization plan; Provided that such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of this Agreement relating to non-discrimination;
- (j) essential to the acquisition or distribution of products in general or local short supply; Provided that any such measures shall be consistent with the principle that all contracting parties are entitled to an equitable share of the international supply of such products, and that any such measures, which are inconsistent with



the other provisions of this Agreement shall be discontinued as soon as the conditions giving rise to them have ceased to exist. The CONTRACTING PARTIES shall review the need for this sub-paragraph not later than 30 June 1960.

#### Article XXI

##### Security Exceptions

Nothing in this Agreement shall be construed

- (a) to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests; or
- (b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests
  - (i) relating to fissionable materials or the materials from which they are derived;
  - (ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;
  - (iii) taken in time of war or other emergency in international relations; or
- (c) to prevent any contracting party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

#### Article XXII

##### Consultation

1. Each contracting party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as may be made by another contracting party with respect to any matter affecting the operation of this Agreement.

2. The CONTRACTING PARTIES may, at the request of a contracting party, consult with any contracting party or parties in respect of any matter for which it has not been possible to find a satisfactory solution through consultation under paragraph 1.

#### Article XXIII

##### Nullification or Impairment

1. If any contracting party should consider that any benefit accruing to it directly or indirectly under this Agreement is being nullified or impaired or that the attainment of any objective of the Agreement is being impeded as the result of (a) the failure of another contracting party to carry out its obligations under this Agreement, or (b) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement, or (c) the existence of any other situation, the contracting party may, with a view to the satisfactory adjustment of the matter, make written representations or proposals to the other contracting party or parties which it considers to be concerned. Any contracting party thus approached shall give sympathetic consideration to the representations or proposals made to it.

2. If no satisfactory adjustment is effected between the contracting parties concerned within a reasonable time, or if the difficulty is of the type described in paragraph 1(c) of this Article, the matter may be referred to the CONTRACTING PARTIES. The CONTRACTING PARTIES shall promptly investigate any matter so referred to them and shall make appropriate recommendations to the contracting parties which they consider to be concerned, or give a ruling on the matter, as appropriate. The CONTRACTING PARTIES may consult with contracting parties, with the Economic and Social Council of the United Nations and with any appropriate inter-governmental organization in cases where they consider such consultation necessary.

If the CONTRACTING PARTIES consider that the circumstances are serious enough to justify such action, they may authorize a contracting party or parties to suspend the application to any other contracting party or parties of such concessions or other obligations under this Agreement as they determine to be appropriate in the circumstances. If the application to any contracting party of any concession or other obligation is in fact suspended, that contracting party shall then be free, not later than sixty days after such action is taken to give written notice to the Executive Secretary to the CONTRACTING PARTIES of its intention to withdraw from this Agreement and such withdrawal shall take effect upon the sixtieth day following the day on which such notice is received by him.



## PART III

### Article XXIV

#### Territorial Application--Frontier Traffic--Customs Unions and Free-trade Areas

1. The provisions of this Agreement shall apply to the metropolitan customs territories of the contracting parties and to any other customs territories in respect of which this Agreement has been accepted under Article XXVI or is being applied under Article XXXIII or pursuant to the Protocol of Provisional Application. Each such customs territory shall, exclusively for the purposes of the territorial application of this Agreement, be treated as though it were a contracting party; Provided that the provisions of this paragraph shall not be construed to create any rights or obligations as between two or more customs territories in respect of which this Agreement has been accepted under Article XXVI or is being applied under Article XXXIII or pursuant to the Protocol of Provisional Application by a single contracting party.

2. For the purposes of this Agreement a customs territory shall be understood to mean any territory with respect to which separate tariffs or other regulations of commerce are maintained for a substantial part of the trade of such territory with other territories.

3. The provisions of this Agreement shall not be construed to prevent:

- (a) advantages accorded by any contracting party to adjacent countries in order to facilitate frontier traffic;
- (b) advantages accorded to the trade with the Free Territory of Trieste by countries contiguous to that territory, provided that such advantages are not in conflict with the Treaties of Peace arising out of the Second World War.

4. The contracting parties recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements. They also recognize that the purpose of a customs union or of a free-trade area should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories.

5. Accordingly, the provisions of this Agreement shall not prevent, as between the territories of contracting parties, the

formation of a customs union or of a free-trade area or the adoption of an interim agreement necessary for the formation of a customs union or of a free-trade area; Provided that:

- (a) with respect to a customs union, or an interim agreement leading to the formation of a customs union, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be;
- (b) with respect to a free-trade area, or an interim agreement leading to the formation of a free-trade area, the duties and other regulations of commerce maintained in each of the constituent territories and applicable at the formation of such free-trade area or the adoption of such interim agreement to the trade of contracting parties not included in such area or not parties to such agreement shall not be higher or more restrictive than the corresponding duties and other regulations of commerce existing in the same constituent territories prior to the formation of the free-trade area, or interim agreement, as the case may be; and
- (c) any interim agreement referred to in sub-paragraphs (a) and (b) shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time.

6. If, in fulfilling the requirements of sub-paragraph 5(a), a contracting party proposes to increase any rate of duty inconsistently with the provisions of Article II, the procedure set forth in Article XXVIII shall apply. In providing for compensatory adjustment, due account shall be taken of the compensation already afforded by the reductions brought about in the corresponding duty of the other constituents of the union.

7. (a) Any contracting party deciding to enter into a customs union or free-trade area, or an interim agreement leading to the formation of such a union or area, shall promptly notify the CONTRACTING PARTIES and shall make available to them such information regarding the proposed union or area as will enable them to make such reports and recommendations to contracting parties as they may deem appropriate.

(b) If, after having studied the plan and schedule included in an interim agreement referred to in paragraph 5 in consultation with the parties to that agreement and taking due account of the information made available in accordance with the provisions of sub-paragraph (a), the CONTRACTING PARTIES find that such agreement is not likely to result in



the formation of a customs union or of a free-trade area within the period contemplated by the parties to the agreement or that such period is not a reasonable one, the CONTRACTING PARTIES shall make recommendations to the parties to the agreement. The parties shall not maintain or put into force, as the case may be, such agreement if they are not prepared to modify it in accordance with these recommendations.

(c) Any substantial change in the plan or schedule referred to in paragraph 5 (c) shall be communicated to the CONTRACTING PARTIES, which may request the contracting parties concerned to consult with them if the change seems likely to jeopardize or delay unduly the formation of the customs union or of the free-trade area.

8. For the purposes of this Agreement:

- (a) A customs union shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that
  - (i) duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated with respect to substantially all the trade between the constituent territories of the union or at least with respect to substantially all the trade in products originating in such territories, and,
  - (ii) subject to the provisions of paragraph 9, substantially the same duties and other regulations of commerce are applied by each of the members of the union to the trade of territories not included in the union;
- (b) A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories.

9. The preferences referred to in paragraph 2 of Article I shall not be affected by the formation of a customs union or of a free-trade area but may be eliminated or adjusted by means of negotiations with contracting parties affected. This procedure of negotiations with affected contracting parties shall, in particular, apply to the elimination of preferences required to conform with the provisions of paragraph 8 (a) (i) and paragraph 8 (b).

10. The CONTRACTING PARTIES may by a two-thirds majority approve proposals which do not fully comply with the requirements of paragraphs 5 to 9 inclusive, provided that such proposals lead to the formation of a customs union or a free-trade area in the sense of this Article.

11. Taking into account the exceptional circumstances arising out of the establishment of India and Pakistan as independent States and recognizing the fact that they have long constituted an economic unit, the contracting parties agree that the provisions of this Agreement shall not prevent the two countries from entering into special arrangements with respect to the trade between them, pending the establishment of their mutual trade relations on a definitive basis.

12. Each contracting party shall take such reasonable measures as may be available to it to ensure observance of the provisions of this Agreement by the regional and local governments and authorities within its territory.

## Article XXV

### Joint Action by the Contracting Parties

1. Representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this Agreement. Wherever reference is made in this Agreement to the contracting parties acting jointly they are designated as the CONTRACTING PARTIES.

2. The Secretary-General of the United Nations is requested to convene the first meeting of the CONTRACTING PARTIES, which shall take place not later than March 1, 1948.

3. Each contracting party shall be entitled to have one vote at all meetings of the CONTRACTING PARTIES.

4. Except as otherwise provided for in this Agreement, decisions of the CONTRACTING PARTIES shall be taken by a majority of the votes cast.

5. In exceptional circumstances not elsewhere provided for in this Agreement, the CONTRACTING PARTIES may waive an obligation imposed upon a contracting party by this Agreement; Provided that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties. The CONTRACTING PARTIES may also by such a vote

- (i) define certain categories of exceptional circumstances to which other voting requirements shall apply for the waiver of obligations, and
- (ii) prescribe such criteria as may be necessary for the application of this paragraph.<sup>1</sup>

<sup>1</sup>The word "paragraph" has been substituted for the word "sub-paragraph," since paragraph 5 is no longer divided into sub-paragraphs (a), (b), etc., as was formerly the case. The text of the present paragraph 5 was formerly sub-paragraph 5(a).



## Article XXVI

### Acceptance, Entry into Force and Registration

1. The date of this Agreement shall be 30 October 1947.
2. This Agreement shall be open for acceptance by any contracting party which, on 1 March 1955, was a contracting party or was negotiating with a view to accession to this Agreement.
3. This Agreement, done in a single English original and in a single French original, both texts authentic, shall be deposited with the Secretary-General of the United Nations, who shall furnish certified copies thereof to all interested governments.
4. Each government accepting this Agreement shall deposit an instrument of acceptance with the Executive Secretary to the CONTRACTING PARTIES, who will inform all interested governments of the date of deposit of each instrument of acceptance and of the day on which this Agreement enters into force under paragraph 6 of this Article.
5. (a) Each government accepting this Agreement does so in respect of its metropolitan territory and of the other territories for which it has international responsibility, except such separate customs territories as it shall notify to the Executive Secretary to the CONTRACTING PARTIES at the time of its own acceptance.  
(b) Any government, which has so notified the Executive Secretary under the exceptions in sub-paragraph (a) of this paragraph, may at any time give notice to the Executive Secretary that its acceptance shall be effective in respect of any separate customs territory or territories so excepted and such notice shall take effect on the thirtieth day following the day on which it is received by the Executive Secretary.  
(c) If any of the customs territories, in respect of which a contracting party has accepted this Agreement, possesses or acquires full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, such territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the above-mentioned fact, be deemed to be a contracting party.
6. This Agreement shall enter into force, as among the governments which have accepted it, on the thirtieth day following the day on which instruments of acceptance have been deposited with the Executive Secretary to the CONTRACTING PARTIES on behalf of governments named in Annex H, the territories of which account for 85 per centum of the total external trade of the territories of such governments, computed in accordance with the applicable column of percentages set forth therein. The instrument of acceptance of each other government shall take effect on the thirtieth day following the day on which such instrument has been deposited.

7. The United Nations is authorized to effect registration of this Agreement as soon as it enters into force.

## Article XXVII

### Withholding or Withdrawal of Concessions

Any contracting party shall at any time be free to withhold or to withdraw in whole or in part any concession, provided for in the appropriate Schedule annexed to this Agreement, in respect of which such contracting party determines that it was initially negotiated with a government which has not become, or has ceased to be, a contracting party. A contracting party taking such action shall notify the CONTRACTING PARTIES and, upon request, consult with contracting parties which have a substantial interest in the product concerned.

## Article XXVIII

### Modification of Schedules

1. On the first day of each three-year period, the first period beginning on 1 January 1958 (or on the first day of any other period that may be specified by the CONTRACTING PARTIES by two-thirds of the votes cast) a contracting party (hereafter in this Article referred to as the "applicant contracting party") may, by negotiation and agreement with any contracting party with which such concession was initially negotiated and with any other contracting party determined by the CONTRACTING PARTIES to have a principal supplying interest (which two preceding categories of contracting parties, together with the applicant contracting party, are in this Article hereinafter referred to as the "contracting parties primarily concerned"), and subject to consultation with any other contracting party determined by the CONTRACTING PARTIES to have a substantial interest in such concession, modify or withdraw a concession included in the appropriate Schedule annexed to this Agreement.
2. In such negotiations and agreement, which may include provision for compensatory adjustment with respect to other products, the contracting parties concerned shall endeavour to maintain a general level of reciprocal and mutually advantageous concessions not less favourable to trade than that provided for in this Agreement prior to such negotiations.
3. (a) If agreement between the contracting parties primarily concerned cannot be reached before 1 January 1958 or before the expiration of a period envisaged in paragraph 1 of this Article, the contracting party which proposes to modify or withdraw the concession shall, nevertheless, be free to do so and if such action is taken any contracting party with which



such concession was initially negotiated, any contracting party determined under paragraph 1 to have a principal supplying interest and any contracting party determined under paragraph 1 to have a substantial interest shall then be free not later than six months after such action is taken, to withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the CONTRACTING PARTIES, substantially equivalent concessions initially negotiated with the applicant contracting party.

(b) If agreement between the contracting parties primarily concerned is reached but any other contracting party determined under paragraph 1 of this Article to have a substantial interest is not satisfied, such other contracting party shall be free, not later than six months after action under such agreement is taken, to withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the CONTRACTING PARTIES, substantially equivalent concessions initially negotiated with the applicant contracting party.

4. The CONTRACTING PARTIES may, at any time, in special circumstances, authorize a contracting party to enter into negotiations for modification or withdrawal of a concession included in the appropriate Schedule annexed to this Agreement subject to the following procedures and conditions:

(a) Such negotiations and any related consultations shall be conducted in accordance with the provisions of paragraphs 1 and 2 of this Article.

(b) If agreement between the contracting parties primarily concerned is reached in the negotiations, the provisions of paragraph 3 (b) of this Article shall apply.

(c) If agreement between the contracting parties primarily concerned is not reached within a period of sixty days after negotiations have been authorized, or within such longer period as the CONTRACTING PARTIES may have prescribed, the applicant contracting party may refer the matter to the CONTRACTING PARTIES.

(d) Upon such reference, the CONTRACTING PARTIES shall promptly examine the matter and submit their views to the contracting parties primarily concerned with the aim of achieving a settlement. If a settlement is reached, the provisions of paragraph 3 (b) shall apply as if agreement between the contracting parties primarily concerned had been reached. If no settlement is reached between the contracting parties primarily concerned, the applicant contracting party shall be free to modify or withdraw the concession, unless the CONTRACTING PARTIES determine that the applicant contracting party has unreasonably failed to offer adequate compensation. If such action is taken, any contracting party with which the concession was initially negotiated, any contracting party determined under paragraph 4 (a) to have a principal supplying

interest and any contracting party determined under paragraph 4 (a) to have a substantial interest, shall be free, not later than six months after such action is taken, to modify or withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the CONTRACTING PARTIES, substantially equivalent concessions initially negotiated with the applicant contracting party.

5. Before 1 January 1958 and before the end of any period envisaged in paragraph 1 a contracting party may elect by notifying the CONTRACTING PARTIES to reserve the right, for the duration of the next period, to modify the appropriate Schedule in accordance with the procedures of paragraphs 1 to 3. If a contracting party so elects, other contracting parties shall have the right, during the same period, to modify or withdraw, in accordance with the same procedures, concessions initially negotiated with that contracting party.

#### Article XXVIII bis

#### Tariff Negotiations

1. The contracting parties recognize that customs duties often constitute serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis, directed to the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular to the reduction of such high tariffs as discourage the importation even of minimum quantities, and conducted with due regard to the objectives of this Agreement and the varying needs of individual contracting parties, are of great importance to the expansion of international trade. The CONTRACTING PARTIES may therefore sponsor such negotiations from time to time.

2. (a) Negotiations under this Article may be carried out on a selective product-by-product basis or by the application of such multilateral procedures as may be accepted by the contracting parties concerned. Such negotiations may be directed towards the reduction of duties, the binding of duties at then existing levels or undertakings that individual duties or the average duties on specified categories of products shall not exceed specified levels. The binding against increase of low duties or of duty-free treatment shall, in principle, be recognized as a concession equivalent in value to the reduction of high duties.

(b) The contracting parties recognize that in general the success of multilateral negotiations would depend on the participation of all contracting parties which conduct a substantial proportion of their external trade with one another.



3. Negotiations shall be conducted on a basis which affords adequate opportunity to take into account:

(a) the needs of individual contracting parties and individual industries;

(b) the needs of less-developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes; and

(c) all other relevant circumstances, including the fiscal, developmental, strategic and other needs of the contracting parties concerned.

#### Article XXIX

##### The Relation of this Agreement to the Havana Charter

1. The contracting parties undertake to observe to the fullest extent of their executive authority the general principles of Chapters I to VI inclusive and of Chapter IX of the Havana Charter pending their acceptance of it in accordance with their constitutional procedures.

2. Part II of this Agreement shall be suspended on the day on which the Havana Charter enters into force.

3. If by September 30, 1949, the Havana Charter has not entered into force, the contracting parties shall meet before December 31, 1949, to agree whether this Agreement shall be amended, supplemented or maintained.

4. If at any time the Havana Charter should cease to be in force, the CONTRACTING PARTIES shall meet as soon as practicable thereafter to agree whether this Agreement shall be supplemented, amended or maintained. Pending such agreement, Part II of this Agreement shall again enter into force; Provided that the provisions of Part II other than Article XXIII shall be replaced, *mutatis mutandis*, in the form in which they then appeared in the Havana Charter; and Provided further that no contracting party shall be bound by any provisions which did not bind it at the time when the Havana Charter ceased to be in force.

5. If any contracting party has not accepted the Havana Charter by the date upon which it enters into force, the CONTRACTING PARTIES shall confer to agree whether, and if so in what way, this Agreement in so far as it affects relations between such contracting party and other contracting parties, shall be supplemented or amended. Pending such agreement the provisions of Part II of this Agreement shall, notwithstanding the provisions of paragraph 2 of this Article, continue to apply as between such contracting party and other contracting parties.

6. Contracting parties which are Members of the International Trade Organization shall not invoke the provisions

of this Agreement so as to prevent the operation of any provision of the Havana Charter. The application of the principle underlying this paragraph to any contracting party which is not a Member of the International Trade Organization shall be the subject of an agreement pursuant to paragraph 5 of this Article.

#### Article XXX

##### Amendments

1. Except where provision for modification is made elsewhere in this Agreement, amendments to the provisions of Part I of this Agreement or to the provisions of Article XXIX or of this Article shall become effective upon acceptance by all the contracting parties, and other amendments to this Agreement shall become effective, in respect of those contracting parties which accept them, upon acceptance by two-thirds of the contracting parties and thereafter for each other contracting party upon acceptance by it.

2. Any contracting party accepting an amendment to this Agreement shall deposit an instrument of acceptance with the Secretary-General of the United Nations within such period as the CONTRACTING PARTIES may specify. The CONTRACTING PARTIES may decide that any amendment made effective under this Article is of such a nature that any contracting party which has not accepted it within a period specified by the CONTRACTING PARTIES shall be free to withdraw from this Agreement, or to remain a contracting party with the consent of the CONTRACTING PARTIES.

#### Article XXXI

##### Withdrawal

Without prejudice to the provisions of paragraph 12 of Article XVIII or of Article XXIII or of paragraph 2 of Article XXX, any contracting party may withdraw from this Agreement, or may separately withdraw on behalf of any of the separate customs territories for which it has international responsibility and which at the time possesses full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement. The withdrawal shall take effect upon the expiration of six months from the day on which written notice of withdrawal is received by the Secretary-General of the United Nations.

#### Article XXXII

##### Contracting Parties

1. The contracting parties to this Agreement shall be understood to mean those governments which are applying the



provisions of this Agreement under Articles XXVI or XXXIII or pursuant to the Protocol of Provisional Application.

2. At any time after the entry into force of this Agreement pursuant to paragraph 6 of Article XXVI, those contracting parties which have accepted this Agreement pursuant to paragraph 4 of Article XXVI may decide that any contracting party which has not so accepted it shall cease to be a contracting party.

#### Article XXXIII

##### Accession

A government not party to this Agreement, or a government acting on behalf of a separate customs territory possessing full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, may accede to this Agreement, on its own behalf or on behalf of that territory, on terms to be agreed between such government and the CONTRACTING PARTIES. Decisions of the CONTRACTING PARTIES under this paragraph shall be taken by a two-thirds majority.

#### Article XXXIV

##### Annexes

The annexes to this Agreement are hereby made an integral part of this Agreement.

#### Article XXXV

##### Non-application of the Agreement between particular Contracting Parties

1. This Agreement, or alternatively Article II of this Agreement shall not apply as between any contracting party and any other contracting party if:

(a) the two contracting parties have not entered into tariff negotiations with each other, and

(b) either of the contracting parties, at the time either becomes a contracting party, does not consent to such application.

2. The CONTRACTING PARTIES may review the operation of this Article in particular cases at the request of any contracting party and make appropriate recommendations.

## ANNEX A

### LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (a) OF ARTICLE I

United Kingdom of Great Britain and Northern Ireland  
Dependent territories of the United Kingdom of Great Britain and Northern Ireland  
Canada  
Commonwealth of Australia  
Dependent territories of the Commonwealth of Australia  
New Zealand  
Dependent territories of New Zealand  
Union of South Africa including South West Africa  
Ireland  
India (as on April 10, 1947)  
Newfoundland  
Southern Rhodesia  
Burma  
Ceylon

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other contracting parties which are principal suppliers of such products at the most-favoured-nation rate, substitute for such preferential rates a single preferential rate which shall not on the whole be less favourable to suppliers at the most-favoured-nation rate than the preferences in force prior to such substitution.

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this Annex or to replace the preferential quantitative arrangements described in the following paragraph, shall not be deemed to constitute an increase in a margin of tariff preference.

The preferential arrangements referred to in paragraph 5(b) of Article XIV are those existing in the United Kingdom on April 10, 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon. It is the intention, without prejudice to any action taken under part I(h) of Article XX, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved.



The film hire tax in force in New Zealand on April 10, 1947, shall, for the purposes of this Agreement, be treated as a customs duty under Article I. The renters' film quota in force in New Zealand on April 10, 1947, shall, for the purposes of this Agreement, be treated as a screen quota under Article IV.

The Dominions of India and Pakistan have not been mentioned separately in the above list since they had not come into existence as such on the base date of April 10, 1947.

#### ANNEX B

##### LIST OF TERRITORIES OF THE FRENCH UNION REFERRED TO IN PARAGRAPH 2 (b) OF ARTICLE I

France  
French Equatorial Africa (Treaty Basin of the Congo<sup>1</sup> and other territories)  
French West Africa  
Cameroons under French Mandate<sup>1</sup>  
French Somali Coast and Dependencies  
French Establishments in India<sup>1</sup>  
French Establishments in Oceania  
French Establishments in the Condominium of the New Hebrides<sup>1</sup>  
Guadeloupe and Dependencies  
French Guiana  
Indo-China  
Madagascar and Dependencies  
Morocco (French zone)<sup>1</sup>  
Martinique  
New Caledonia and Dependencies  
Réunion  
Saint-Pierre and Miquelon  
Togo under French Mandate<sup>1</sup>  
Tunisia

#### ANNEX C

##### LIST OF TERRITORIES OF THE CUSTOMS UNION OF BELGIUM, LUXEMBURG AND THE NETHERLANDS REFERRED TO IN PARAGRAPH 2 (b) OF ARTICLE I

The Economic Union of Belgium and Luxembourg  
Belgian Congo  
Ruanda Urundi  
Netherlands  
New Guinea

<sup>1</sup>For imports into Metropolitan France and Territories of the French Union,

Surinam  
Netherlands Antilles  
Republic of Indonesia

For imports into the metropolitan territories constituting the Customs Union.

#### ANNEX D

##### LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (b) OF ARTICLE I AS RESPECTS THE UNITED STATES OF AMERICA

United States of America (customs territory)  
Dependent territories of the United States of America  
Republic of the Philippines

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this Annex shall not be deemed to constitute an increase in a margin of tariff preference.

#### ANNEX E

##### LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN CHILE AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2 (d) OF ARTICLE I

Preferences in force exclusively between Chile on the one hand, and

1. Argentina
2. Bolivia
3. Peru

on the other hand.

#### ANNEX F

##### LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN LEBANON AND SYRIA AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2 (d) OF ARTICLE I

Preferences in force exclusively between the Lebano-Syrian Customs Union, on the one hand, and

1. Palestine
2. Transjordan

on the other hand.



## ANNEX G

### DATES ESTABLISHING MAXIMUM MARGINS OF PREFERENCE REFERRED TO IN PARAGRAPH 4<sup>1</sup> OF ARTICLE I

|                                  |                   |
|----------------------------------|-------------------|
| Australia.....                   | October 15, 1946  |
| Canada.....                      | July 1, 1939      |
| France.....                      | January 1, 1939   |
| Lebano-Syrian Customs Union..... | November 30, 1938 |
| Union of South Africa.....       | July 1, 1938      |
| Southern Rhodesia.....           | May 1, 1941       |

## ANNEX H

### PERCENTAGE SHARES OF TOTAL EXTERNAL TRADE TO BE USED FOR THE PURPOSE OF MAKING THE DETERMINATION REFERRED TO IN ARTICLE XXVI

(based on the average of 1949-1953)

If, prior to the accession of the Government of Japan to the General Agreement, the present Agreement has been accepted by contracting parties the external trade of which under column I accounts for the percentage of such trade specified in paragraph 6 of Article XXVI, column I shall be applicable for the purposes of that paragraph. If the present Agreement has not been so accepted prior to the accession of the Government of Japan, column II shall be applicable for the purposes of that paragraph.

|                    | Column I<br>(Contracting<br>parties on<br>1 March 1955) | Column II<br>(Contracting<br>parties on<br>1 March 1955<br>and Japan) |
|--------------------|---|---|
| Australia          | 3.1   | 3.0   |
| Austria            | 0.9   | 0.8   |
| Belgium-Luxemburg  | 4.3   | 4.2   |
| Brazil             | 2.5   | 2.4   |
| Burma              | 0.3   | 0.3   |
| Canada             | 6.7   | 6.5   |
| Ceylon             | 0.5   | 0.5   |
| Chile              | 0.6   | 0.6   |
| Cuba               | 1.1   | 1.1   |
| Czechoslovakia     | 1.4   | 1.4   |
| Denmark            | 1.4   | 1.4   |
| Dominican Republic | 0.1   | 0.1   |
| Finland            | 1.0   | 1.0   |

<sup>1</sup>The number "4" has been substituted for the number "3" in the heading of Annex G. The reference to Article I was intended to be a reference to the last paragraph of Article I, which originally consisted of only three numbered paragraphs.

|                              | Column I<br>(Contracting<br>parties on<br>1 March 1955) | Column II<br>(Contracting<br>parties on<br>1 March 1955<br>and Japan) |
|------------------------------|---|---|
| France                       | 8.7   | 8.5   |
| Germany, Federal Republic of | 5.3   | 5.2   |
| Greece                       | 0.4   | 0.4   |
| Haiti                        | 0.1   | 0.1   |
| India                        | 2.4   | 2.4   |
| Indonesia                    | 1.3   | 1.3   |
| Italy                        | 2.9   | 2.8   |
| Netherlands, Kingdom of the  | 4.7   | 4.6   |
| New Zealand                  | 1.0   | 1.0   |
| Nicaragua                    | 0.1   | 0.1   |
| Norway                       | 1.1   | 1.1   |
| Pakistan                     | 0.9   | 0.8   |
| Peru                         | 0.4   | 0.4   |
| Rhodesia and Nyasaland       | 0.6   | 0.6   |
| Sweden                       | 2.5   | 2.4   |
| Turkey                       | 0.6   | 0.6   |
| Union of South Africa        | 1.8   | 1.8   |
| United Kingdom               | 20.3  | 19.8  |
| United States of America     | 20.6  | 20.1  |
| Uruguay                      | 0.4   | 0.4   |
| Japan                        | -   | 2.3   |
|                              | <u>100.0</u>  | <u>100.0</u>  |

Note: These percentages have been computed taking into account the trade of all territories in respect of which the General Agreement on Tariffs and Trade is applied.

## ANNEX I

### NOTES AND SUPPLEMENTARY PROVISIONS

#### Ad Article I

#### Paragraph 1.

The obligations incorporated in paragraph 1 of Article I by reference to paragraphs 2 and 4 of Article III and those incorporated in paragraph 2 (b) of Article II by reference to Article VI shall be considered as falling within Part II for the purposes of the Protocol of Provisional Application.

The cross-references, in the paragraph immediately above and in paragraph 1 of Article I, to paragraphs 2 and 4 of Article III shall only apply after Article III has been modified by the entry into force of the amendment provided



for in the Protocol Modifying Part II and Article XXVI of the General Agreement on Tariffs and Trade, dated September 14, 1948.

Paragraph 4.

The term "margin of preference" means the absolute difference between the most-favoured-nation rate of duty and the preferential rate of duty for the like product, and not the proportionate relation between those rates. As examples:

- (1) If the most-favoured-nation rate were 36 per cent ad valorem and the preferential rate were 24 per cent ad valorem, the margin of preference would be 12 per cent ad valorem, and not one-third of the most-favoured-nation rate;
- (2) If the most-favoured-nation rate were 36 per cent ad valorem and the preferential rate were expressed as two-thirds of the most-favoured-nation rate, the margin of preference would be 12 per cent ad valorem;
- (3) If the most-favoured-nation rate were 2 francs per kilogramme and the preferential rate were 1.50 francs per kilogramme, the margin of preference would be 0.50 francs per kilogramme.

The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to a general binding of margins of preference:

- (i) The re-application to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such classification or rate to such product was temporarily suspended or inoperative on April 10, 1947; and
- (ii) The classification of a particular product under a tariff item other than that under which importations of that product were classified on April 10, 1947, in cases in which the tariff law clearly contemplates that such product may be classified under more than one tariff item.

Ad Article II

Paragraph 2(a).

The cross-reference, in paragraph 2(a) of Article II, to paragraph 2 of Article III shall only apply after Article III has been modified by the entry into force of the amendment

provided for in the Protocol Modifying Part II and Article XXVI of the General Agreement on Tariffs and Trade, dated September 14, 1948.

Paragraph 2(b).

See the note relating to paragraph 1 of Article I.

Paragraph 4.

Except where otherwise specifically agreed between the contracting parties which initially negotiated the concession, the provisions of this paragraph will be applied in the light of the provisions of Article 31 of the Havana Charter.

Ad Article III

Any internal tax or other internal charge, or any law, regulation or requirement of the kind referred to in paragraph 1 which applies to an imported product and to the like domestic product and is collected or enforced in the case of the imported product at the time or point of importation, is nevertheless to be regarded as an internal tax or other internal charge, or a law, regulation or requirement of the kind referred to in paragraph 1, and is accordingly subject to the provisions of Article III.

Paragraph 1.

The application of paragraph 1 to internal taxes imposed by local governments and authorities within the territory of a contracting party is subject to the provisions of the final paragraph of Article XXIV. The term "reasonable measures" in the last-mentioned paragraph would not require, for example, the repeal of existing national legislation authorizing local governments to impose internal taxes which, although technically inconsistent with the letter of Article III, are not in fact inconsistent with its spirit, if such repeal would result in a serious financial hardship for the local governments or authorities concerned. With regard to taxation by local governments or authorities which is inconsistent with both the letter and spirit of Article III, the term "reasonable measures" would permit a contracting party to eliminate the inconsistent taxation gradually over a transition period, if abrupt action would create serious administrative and financial difficulties.

Paragraph 2.

A tax conforming to the requirements of the first sentence of paragraph 2 would be considered to be inconsistent with



the provisions of the second sentence only in cases where competition was involved between, on the one hand, the taxed product and, on the other hand, a directly competitive or substitutable product which was not similarly taxed.

#### Paragraph 5.

Regulations consistent with the provisions of the first sentence of paragraph 5 shall not be considered to be contrary to the provisions of the second sentence in any case in which all of the products subject to the regulations are produced domestically in substantial quantities. A regulation cannot be justified as being consistent with the provisions of the second sentence on the ground that the proportion or amount allocated to each of the products which are the subject of the regulation constitutes an equitable relationship between imported and domestic products.

#### Ad Article V

#### Paragraph 5.

With regard to transportation charges, the principle laid down in paragraph 5 refers to like products being transported on the same route under like conditions.

#### Ad Article VI

#### Paragraph 1.

1. Hidden dumping by associated houses (that is, the sale by an importer at a price below that corresponding to the price invoiced by an exporter with whom the importer is associated, and also below the price in the exporting country) constitutes a form of price dumping with respect to which the margin of dumping may be calculated on the basis of the price at which the goods are resold by the importer.

2. It is recognized that, in the case of imports from a country which has a complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the State, special difficulties may exist in determining price comparability for the purposes of paragraph 1, and in such cases importing contracting parties may find it necessary to take into account the possibility that a strict comparison with domestic prices in such a country may not always be appropriate.

#### Paragraphs 2 and 3.

Note 1.--As in many other cases in customs administration, a contracting party may require reasonable security

(bond or cash deposit) for the payment of anti-dumping or countervailing duty pending final determination of the facts in any case of suspected dumping or subsidization.

Note 2.--Multiple currency practices can in certain circumstances constitute a subsidy to exports which may be met by countervailing duties under paragraph 3 or can constitute a form of dumping by means of a partial depreciation of a country's currency which may be met by action under paragraph 2. By "multiple currency practices" is meant practices by governments or sanctioned by governments.

#### Paragraph 6 (b).

Waivers under the provisions of this sub-paragraph shall be granted only on application by the contracting party proposing to levy an anti-dumping or countervailing duty, as the case may be.

#### Ad Article VII

#### Paragraph 1.

The expression "or other charges" is not to be regarded as including internal taxes or equivalent charges imposed on or in connection with imported products.

#### Paragraph 2.

1. It would be in conformity with Article VII to presume that "actual value" may be represented by the invoice price, plus any non-included charges for legitimate costs which are proper elements of "actual value" and plus any abnormal discount or other reduction from the ordinary competitive price.

2. It would be in conformity with Article VII, paragraph 2(b), for a contracting party to construe the phrase "in the ordinary course of trade . . . under fully competitive conditions", as excluding any transaction wherein the buyer and seller are not independent of each other and price is not the sole consideration.

3. The standard of "fully competitive conditions" permits a contracting party to exclude from consideration prices involving special discounts limited to exclusive agents.

4. The wording of sub-paragraphs (a) and (b) permits a contracting party to determine the value for customs purposes uniformly either (1) on the basis of a particular exporter's prices of the imported merchandise, or (2) on the basis of the general price level of like merchandise.



#### Ad Article VIII

1. While Article VIII does not cover the use of multiple rates of exchange as such, paragraphs 1 and 4 condemn the use of exchange taxes or fees as a device for implementing multiple currency practices; if, however, a contracting party is using multiple currency exchange fees for balance of payments reasons with the approval of the International Monetary Fund, the provisions of paragraph 9(a) of Article XV fully safeguard its position.

2. It would be consistent with paragraph 1 if on the importation of products from the territory of a contracting party into the territory of another contracting party, the production of certificates of origin should only be required to the extent that is strictly indispensable.

#### Ad Articles XI, XII, XIII, XIV and XVIII

Throughout Articles XI, XII, XIII, XIV and XVIII the terms "import restrictions" or "export restrictions" include restrictions made effective through state-trading operations.

#### Ad Article XI

##### Paragraph 2 (c).

The term "in any form" in this paragraph covers the same products when in an early stage of processing and still perishable, which compete directly with the fresh product and if freely imported would tend to make the restriction on the fresh product ineffective.

##### Paragraph 2, last sub-paragraph.

The term "special factors" includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the Agreement.

#### Ad Article XII

The CONTRACTING PARTIES shall make provision for the utmost secrecy in the conduct of any consultation under the provisions of this Article.

##### Paragraph 3(c)(i).

Contracting parties applying restrictions shall endeavour to avoid causing serious prejudice to exports of a commodity

on which the economy of a contracting party is largely dependent.

##### Paragraph 4 (b).

It is agreed that the date shall be within ninety days after the entry into force of the amendments of this Article effected by the Protocol Amending the Preamble and Parts II and III of this Agreement. However, should the CONTRACTING PARTIES find that conditions were not suitable for the application of the provisions of this sub-paragraph at the time envisaged, they may determine a later date; Provided that such date is not more than thirty days after such time as the obligations of Article VIII, Sections 2, 3 and 4 of the Articles of Agreement of the International Monetary Fund become applicable to contracting parties, members of the Fund, the combined foreign trade of which constitutes at least fifty per centum of the aggregate foreign trade of all contracting parties.

##### Paragraph 4 (e).

It is agreed that paragraph 4(e) does not add any new criteria for the imposition or maintenance of quantitative restrictions for balance of payments reasons. It is solely intended to ensure that all external factors such as changes in the terms of trade, quantitative restrictions, excessive tariffs and subsidies, which may be contributing to the balance of payments difficulties of the contracting party applying restrictions will be fully taken into account.

#### Ad Article XIII

##### Paragraph 2 (d).

No mention was made of "commercial considerations" as a rule for the allocation of quotas because it was considered that its application by governmental authorities might not always be practicable. Moreover, in cases where it is practicable, a contracting party could apply these considerations in the process of seeking agreement, consistently with the general rule laid down in the opening sentence of paragraph 2.

##### Paragraph 4.

See note relating to "special factors" in connection with the last sub-paragraph of paragraph 2 of Article XI.



#### Ad Article XIV

##### Paragraph 1.

The provisions of this paragraph shall not be so construed as to preclude full consideration by the CONTRACTING PARTIES, in the consultations provided for in paragraph 4 of Article XII and in paragraph 12 of Article XVIII, of the nature, effects and reasons for discrimination in the field of import restrictions.<sup>1</sup>

##### Paragraph 2.

One of the situations contemplated in paragraph 2 is that of a contracting party holding balances acquired as a result of current transactions which it finds itself unable to use without a measure of discrimination.

#### Ad Article XV

##### Paragraph 4.

The word "frustrate" is intended to indicate, for example, that infringements of the letter of any Article of this Agreement by exchange action shall not be regarded as a violation of that Article if, in practice, there is no appreciable departure from the intent of the Article. Thus, a contracting party which, as part of its exchange control operated in accordance with the Articles of Agreement of the International Monetary Fund, requires payment to be received for its exports in its own currency or in the currency of one or more members of the International Monetary Fund will not thereby be deemed to contravene Article XI or Article XIII. Another example would be that of a contracting party which specifies on an import licence the country from which the goods may be imported, for the purpose not of introducing any additional element of discrimination in its import licensing system but of enforcing permissible exchange controls.

#### Ad Article XVI

The exemption of an exported product from duties or taxes borne by the like product when destined for domestic consumption, or the remission of such duties or taxes in amounts not in excess of those which have accrued, shall not be deemed to be a subsidy.

<sup>1</sup>Text as amended Feb. 15, 1961.

#### Section B

1. Nothing in Section B shall preclude the use by a contracting party of multiple rates of exchange in accordance with the Articles of Agreement of the International Monetary Fund.

2. For the purposes of Section B, a "primary product" is understood to be any product of farm, forest or fishery, or any mineral, in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade.

##### Paragraph 3.

1. The fact that a contracting party has not exported the product in question during the previous representative period would not in itself preclude that contracting party from establishing its right to obtain a share of the trade in the product concerned.

2. A system for the stabilization of the domestic price or of the return to domestic producers of a primary product independently of the movements of export prices, which results at times in the sale of the product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, shall be considered not to involve a subsidy on exports within the meaning of paragraph 3 if the CONTRACTING PARTIES determine that:

(a) the system has also resulted, or is so designed as to result, in the sale of the product for export at a price higher than the comparable price charged for the like product to buyers in the domestic market; and

(b) the system is so operated, or is designed so to operate, either because of the effective regulation of production or otherwise, as not to stimulate exports unduly or otherwise seriously to prejudice the interests of other contracting parties.

Notwithstanding such determination by the CONTRACTING PARTIES, operations under such a system shall be subject to the provisions of paragraph 3 where they are wholly or partly financed out of government funds in addition to the funds collected from producers in respect of the product concerned.

##### Paragraph 4.

The intention of paragraph 4 is that the contracting parties should seek before the end of 1957 to reach agreement to abolish all remaining subsidies as from 1 January 1958; or, failing this, to reach agreement to extend the application of the standstill until the earliest date thereafter by which they can expect to reach such agreement.



## Ad Article XVII

### Paragraph 1.

The operations of Marketing Boards, which are established by contracting parties and are engaged in purchasing or selling, are subject to the provisions of sub-paragraphs (a) and (b).

The activities of Marketing Boards which are established by contracting parties and which do not purchase or sell but lay down regulations covering private trade are governed by the relevant Articles of this Agreement.

The charging by a state enterprise of different prices for its sales of a product in different markets is not precluded by the provisions of this Article, provided that such different prices are charged for commercial reasons, to meet conditions of supply and demand in export markets.

### Paragraph 1 (a).

Governmental measures imposed to ensure standards of quality and efficiency in the operation of external trade, or privileges granted for the exploitation of national natural resources but which do not empower the government to exercise control over the trading activities of the enterprise in question, do not constitute "exclusive or special privileges".

### Paragraph 1 (b).

A country receiving a "tied loan" is free to take this loan into account as a "commercial consideration" when purchasing requirements abroad.

### Paragraph 2.

The term "goods" is limited to products as understood in commercial practice, and is not intended to include the purchase or sale of services.

### Paragraph 3.

Negotiations which contracting parties agree to conduct under this paragraph may be directed towards the reduction of duties and other charges on imports and exports or towards the conclusion of any other mutually satisfactory arrangement consistent with the provisions of this Agreement. (See paragraph 4 of Article II and the note to that paragraph.)

### Paragraph 4 (b).

The term "import mark-up" in this paragraph shall represent the margin by which the price charged by the import monopoly for the imported product. (exclusive of internal taxes within the purview of Article III, transportation, distribution, and other expenses incident to the purchase, sale or further processing, and a reasonable margin of profit) exceeds the landed cost.

## Ad Article XVIII

The CONTRACTING PARTIES and the contracting parties concerned shall preserve the utmost secrecy in respect of matters arising under this Article.

### Paragraphs 1 and 4.

1. When they consider whether the economy of a contracting party "can only support low standards of living", the CONTRACTING PARTIES shall take into consideration the normal position of that economy and shall not base their determination on exceptional circumstances such as those which may result from the temporary existence of exceptionally favourable conditions for the staple export product or products of such contracting party.

2. The phrase "in the early stages of development" is not meant to apply only to contracting parties which have just started their economic development, but also to contracting parties the economies of which are undergoing a process of industrialization to correct an excessive dependence on primary production.

### Paragraphs 2, 3, 7, 13 and 22.

The reference to the establishment of particular industries shall apply not only to the establishment of a new industry, but also to the establishment of a new branch of production in an existing industry and to the substantial transformation of an existing industry, and to the substantial expansion of an existing industry supplying a relatively small proportion of the domestic demand. It shall also cover the reconstruction of an industry destroyed or substantially damaged as a result of hostilities or natural disasters.

### Paragraph 7 (b).

A modification or withdrawal, pursuant to paragraph 7 (b), by a contracting party, other than the applicant contracting party, referred to in paragraph 7 (a), shall be made within six months of the day on which the action is taken by the



applicant contracting party, and shall become effective on the thirtieth day following the day on which such modification or withdrawal has been notified to the CONTRACTING PARTIES.

Paragraph 11.

The second sentence in paragraph 11 shall not be interpreted to mean that a contracting party is required to relax or remove restrictions if such relaxation or removal would thereupon produce conditions justifying the intensification or institution, respectively, of restrictions under paragraph 9 of Article XVIII.

Paragraph 12(b).

The date referred to in paragraph 12(b) shall be the date determined by the CONTRACTING PARTIES in accordance with the provisions of paragraph 4(b) of Article XII of this Agreement.

Paragraphs 13 and 14.

It is recognized that, before deciding on the introduction of a measure and notifying the CONTRACTING PARTIES in accordance with paragraph 14, a contracting party may need a reasonable period of time to assess the competitive position of the industry concerned.

Paragraphs 15 and 16.

It is understood that the CONTRACTING PARTIES shall invite a contracting party proposing to apply a measure under Section C to consult with them pursuant to paragraph 16 if they are requested to do so by a contracting party the trade of which would be appreciably affected by the measure in question.

Paragraphs 16, 18, 19 and 22.

1. It is understood that the CONTRACTING PARTIES may concur in a proposed measure subject to specific conditions or limitations. If the measure as applied does not conform to the terms of the concurrence it will to that extent be deemed a measure in which the CONTRACTING PARTIES have not concurred. In cases in which the CONTRACTING PARTIES have concurred in a measure for a specified period, the contracting party concerned, if it finds that the maintenance of the measure for a further period of time is required to achieve the objective for which the measure was originally taken, may apply to the CONTRACTING PARTIES for an

extension of that period in accordance with the provisions and procedures of Section C or D, as the case may be.

2. It is expected that the CONTRACTING PARTIES will, as a rule, refrain from concurring in a measure which is likely to cause serious prejudice to exports of a commodity on which the economy of a contracting party is largely dependent.

Paragraphs 18 and 22.

The phrase "that the interests of other contracting parties are adequately safeguarded" is meant to provide latitude sufficient to permit consideration in each case of the most appropriate method of safeguarding those interests. The appropriate method may, for instance, take the form of an additional concession to be applied by the contracting party having recourse to Section C or D during such time as the deviation from the other Articles of the Agreement would remain in force or of the temporary suspension by any other contracting party referred to in paragraph 18 of a concession substantially equivalent to the impairment due to the introduction of the measure in question. Such contracting party would have the right to safeguard its interests through such a temporary suspension of a concession; Provided that this right will not be exercised when, in the case of a measure imposed by a contracting party coming within the scope of paragraph 4(a), the CONTRACTING PARTIES have determined that the extent of the compensatory concession proposed was adequate.

Paragraph 19.

The provisions of paragraph 19 are intended to cover the cases where an industry has been in existence beyond the "reasonable period of time" referred to in the note to paragraphs 13 and 14, and should not be so construed as to deprive a contracting party coming within the scope of paragraph 4(a) of Article XVIII, of its right to resort to the other provisions of Section C, including paragraph 17, with regard to a newly established industry even though it has benefited from incidental protection afforded by balance of payments import restrictions.

Paragraph 21.

Any measure taken pursuant to the provisions of paragraph 21 shall be withdrawn forthwith if the action taken in accordance with paragraph 17 is withdrawn or if the CONTRACTING PARTIES concur in the measure proposed after the expiration of the ninety-day time limit specified in paragraph 17.



Ad Article XX

Sub-paragraph (h).

The exception provided for in this sub-paragraph extends to any commodity agreement which conforms to the principles approved by the Economic and Social Council in its Resolution 30 (IV) of 28 March 1947.

Ad Article XXIV

Paragraph 9.

It is understood that the provisions of Article I would require that, when a product which has been imported into the territory of a member of a customs union or free-trade area at a preferential rate of duty is re-exported to the territory of another member of such union or area, the latter member should collect a duty equal to the difference between the duty already paid and any higher duty that would be payable if the product were being imported directly into its territory.

Paragraph 11.

Measures adopted by India and Pakistan in order to carry out definitive trade arrangements between them, once they have been agreed upon, might depart from particular provisions of this Agreement, but these measures would in general be consistent with the objectives of the Agreement.

Ad Article XXVIII

The CONTRACTING PARTIES and each contracting party concerned should arrange to conduct the negotiations and consultations with the greatest possible secrecy in order to avoid premature disclosure of details of prospective tariff changes. The CONTRACTING PARTIES shall be informed immediately of all changes in national tariffs resulting from recourse to this Article.

Paragraph 1.

1. If the CONTRACTING PARTIES specify a period other than a three-year period, a contracting party may act pursuant to paragraph 1 or paragraph 3 of Article XXVIII on the first day following the expiration of such other period and, unless the CONTRACTING PARTIES have again specified another period, subsequent periods will be three-year periods following the expiration of such specified period.

2. The provision that on 1 January 1958, and on other days determined pursuant to paragraph 1, a contracting party "may . . . modify or withdraw a concession" means that on such day, and on the first day after the end of each period, the legal obligation of such contracting party under Article II is altered; it does not mean that the changes in its customs tariff should necessarily be made effective on that day. If a tariff change resulting from negotiations undertaken pursuant to this Article is delayed, the entry into force of any compensatory concessions may be similarly delayed.

3. Not earlier than six months, nor later than three months, prior to 1 January 1958, or to the termination date of any subsequent period, a contracting party wishing to modify or withdraw any concession embodied in the appropriate Schedule, should notify the CONTRACTING PARTIES to this effect. The CONTRACTING PARTIES shall then determine the contracting party or contracting parties with which the negotiations or consultations referred to in paragraph 1 shall take place. Any contracting party so determined shall participate in such negotiations or consultations with the applicant contracting party with the aim of reaching agreement before the end of the period. Any extension of the assured life of the Schedules shall relate to the Schedules as modified after such negotiations, in accordance with paragraphs 1, 2 and 3 of Article XXVIII. If the CONTRACTING PARTIES are arranging for multilateral tariff negotiations to take place within the period of six months before 1 January 1958, or before any other day determined pursuant to paragraph 1, they shall include in the arrangements for such negotiations suitable procedures for carrying out the negotiations referred to in this paragraph.

4. The object of providing for the participation in the negotiations of any contracting party with a principal supplying interest, in addition to any contracting party with which the concession was initially negotiated, is to ensure that a contracting party with a larger share in the trade affected by the concession than a contracting party with which the concession was initially negotiated shall have an effective opportunity to protect the contractual right which it enjoys under this Agreement. On the other hand, it is not intended that the scope of the negotiations should be such as to make negotiations and agreement under Article XXVIII unduly difficult nor to create complications in the application of this Article in the future to concessions which result from negotiations thereunder. Accordingly, the CONTRACTING PARTIES should only determine that a contracting party has a principal supplying interest if that contracting party has had, over a reasonable period of time prior to the negotiations, a larger share in the market of the applicant contracting party than a contracting party with which the concession was initially negotiated or would, in the judgment



of the CONTRACTING PARTIES, have had such a share in the absence of discriminatory quantitative restrictions maintained by the applicant contracting party. It would therefore not be appropriate for the CONTRACTING PARTIES to determine that more than one contracting party, or in those exceptional cases where there is near equality more than two contracting parties, had a principal supplying interest.

5. Notwithstanding the definition of a principal supplying interest in note 4 to paragraph 1, the CONTRACTING PARTIES may exceptionally determine that a contracting party has a principal supplying interest if the concession in question affects trade which constitutes a major part of the total exports of such contracting party.

6. It is not intended that provision for participation in the negotiations of any contracting party with a principal supplying interest, and for consultation with any contracting party having a substantial interest in the concession which the applicant contracting party is seeking to modify or withdraw, should have the effect that it should have to pay compensation or suffer retaliation greater than the withdrawal or modification sought, judged in the light of the conditions of trade at the time of the proposed withdrawal or modification, making allowance for any discriminatory quantitative restrictions maintained by the applicant contracting party.

7. The expression "substantial interest" is not capable of a precise definition and accordingly may present difficulties for the CONTRACTING PARTIES. It is, however, intended to be construed to cover only those contracting parties which have, or in the absence of discriminatory quantitative restrictions affecting their exports could reasonably be expected to have, a significant share in the market of the contracting party seeking to modify or withdraw the concession.

#### Paragraph 4.

1. Any request for authorization to enter into negotiations shall be accompanied by all relevant statistical and other data. A decision on such request shall be made within thirty days of its submission.

2. It is recognized that to permit certain contracting parties, depending in large measure on a relatively small number of primary commodities and relying on the tariff as an important aid for furthering diversification of their economies or as an important source of revenue, normally to negotiate for the modification or withdrawal of concessions only under paragraph 1 of Article XXVIII, might cause them at such a time to make modifications or withdrawals which in the long run would prove unnecessary. To avoid such a situation the CONTRACTING PARTIES shall authorize any such contracting party, under paragraph 4, to enter into negotiations unless they consider this would result in, or

contribute substantially towards, such an increase in tariff levels as to threaten the stability of the Schedules to this Agreement or lead to undue disturbance of international trade.

3. It is expected that negotiations authorized under paragraph 4 for modification or withdrawal of a single item, or a very small group of items, could normally be brought to a conclusion in sixty days. It is recognized, however, that such a period will be inadequate for cases involving negotiations for the modification or withdrawal of a larger number of items and in such cases, therefore, it would be appropriate for the CONTRACTING PARTIES to prescribe a longer period.

4. The determination referred to in paragraph 4(d) shall be made by the CONTRACTING PARTIES within thirty days of the submission of the matter to them, unless the applicant contracting party agrees to a longer period.

5. In determining under paragraph 4(d) whether an applicant contracting party has unreasonably failed to offer adequate compensation, it is understood that the CONTRACTING PARTIES will take due account of the special position of a contracting party which has bound a high proportion of its tariffs at very low rates of duty and to this extent has less scope than other contracting parties to make compensatory adjustment.

#### Ad Article XXVIII bis

#### Paragraph 3.

It is understood that the reference to fiscal needs would include the revenue aspect of duties and particularly duties imposed primarily for revenue purposes or duties imposed on products which can be substituted for products subject to revenue duties to prevent the avoidance of such duties.

#### Ad Article XXIX

#### Paragraph 1.

Chapters VII and VIII of the Havana Charter have been excluded from paragraph 1 because they generally deal with the organization, functions and procedures of the International Trade Organization.



## PROTOCOL OF PROVISIONAL APPLICATION OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. The Governments of the COMMONWEALTH OF AUSTRALIA, the KINGDOM OF BELGIUM (in respect of its metropolitan territory), CANADA, the FRENCH REPUBLIC (in respect of its metropolitan territory), the GRAND-DUCHY OF LUXEMBURG, the KINGDOM OF THE NETHERLANDS (in respect of its metropolitan territory), the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (in respect of its metropolitan territory), and the UNITED STATES OF AMERICA, undertake, provided that this Protocol shall have been signed on behalf of all the foregoing Governments not later than November 15, 1947, to apply provisionally on and after January 1, 1948:

- (a) Parts I and III of the General Agreement on Tariffs and Trade, and
- (b) Part II of that Agreement to the fullest extent not inconsistent with existing legislation.

2. The foregoing Governments shall make effective such provisional application of the General Agreement, in respect of any of their territories other than their metropolitan territories, on or after January 1, 1948, upon the expiration of thirty days from the day on which notice of such application is received by the Secretary-General of the United Nations.

3. Any other Government signatory to this Protocol shall make effective such provisional application of the General Agreement, on or after January 1, 1948, upon the expiration of thirty days from the day of signature of this Protocol on behalf of such Government.

4. This Protocol shall remain open for signature at the Headquarters of the United Nations, (a) until November 15, 1947, on behalf of any Government named in paragraph 1 of this Protocol which has not signed it on this day, and (b) until June 30, 1948, on behalf of any other Government signatory to the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment which has not signed it on this day.

5. Any Government applying this Protocol shall be free to withdraw such application, and such withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of such withdrawal is received by the Secretary-General of the United Nations.



IN WITNESS WHEREOF the respective Representatives, after having communicated their full powers, found to be in good and due form, have signed this Protocol.



NATIONAL COMMISSION ON THE CAUSES  
AND PREVENTION OF VIOLENCE

726 JACKSON PL., N.W.  
WASHINGTON, D.C. 20506

August 29, 1968  
12:40 p.m., Thursday

MEMORANDUM FOR MR. NEWTON

RE: Phone call to Gibson, State Dept  
about his receipt of replies from  
foreign countries on gun control  
and particularly on crime statistics

Mr. Gibson indicated that the reporting  
on statistics was very poor and that  
most countries did not have statistics  
we have in the United States. He said  
that a fellow has been appointed as  
liaison with the Commission (by the name  
of Frederick York, x-6958) and he thought  
Mr. York had been asking for the same  
type information, and suggested that I  
call Mr. York.

(I called Mr. York, 182-6064, at 12:55  
and no answer).

margaret



Mr York -

STATE DEPARTMENT

Priority

②

1. Complete collection of foreign gun laws and crime statistics. Add to questionnaire statistics on crime involving other weapons by weapon used.

②

2. Obtain and correlate information on importers from Office of Munitions Control. (1945 to Date)

- a. Names of importers.
- b. Statistics broken down into military and non-military.
- c. Rationalize BDSA import statistics with Office of Munitions Control statistics.

⑤

3. Obtain testimony of gun manufacturers in regard to tariff on imports.

⑥

4. Investigate whether a complete banning of imports would be contrary to GATT.

④

5. Volume and type of military equipment sold or given to foreign governments since World War II and any estimates of how much of this equipment is still in use and how much has been sold on the world market.

①

6. A complete breakdown by province, and for ten largest cities, of Canadian violent crime by weapon used. *safe, pistol,*

*(shotgun)*

*Told by phone to York 8/15 -*

① *Serial numbers of imported weapons - get age of weapons*

② *~~Names of importers + volume of firearms imported~~*  
*~~1945 to date~~ ②*

③ *Same as P 6 for Colombia, Brazil, Argentina, Chile, Guatemala, Mexico, Costa Rica*



Afghanistan

1. Law\* - Executive Order (No government control statute)
2. No licenses required (except military-type rifles)
3. Handguns and concealed weapons forbidden
4. Along Afghan-Pak Frontier no enforcement of regulations. Possession of firearms is accepted symbol of manhood and expression of independence to Pushtan Tribe
5. Most murders result from knifings

Algeria

1. Statute\*- legislation governs possession of firearms
2. Mail order traffic of weapons non-existent
3. Importation of firearms permitted after receiving prefectural permission.

Australia

1. No statute - Each Aussie State has sole jurisdiction
2. Federal government does regulate importation

Austria

1. Statute - Federal Law effective July 1, 1967  
All weapons are covered by the law
- 

Barbados

1. Statute - The Firearms Act, 1896

Belgium

1. Statute - January 3, 1933--amendment pending as of July 1968

Bolivia

1. Law - Supreme Decree of April 1894 (not rigidly enforced)

Botswana

1. Law (restrictions on possession, importation, and ammo)

Brazil

1. Statute (individual states also have gun control laws which may differ).

Bulgaria

1. Law (Enforced by the Ministry of Interior)  
Special permission for the sale or possession of all types of firearms and of ammo.

Burundi

1. Law - curtails the importation and possession of firearms
- 

Cameroon

1. Law (Ministry of Interior)  
All firearms must be registered. Any purchaser must have authorization from local police authorities.  
Sales are numerically controlled and restricted to licensed import dealers only.

~~Canada~~



Page Two

Canada

1. Statute - Canadian law does not contain any restriction on sale of firearms, shotguns or rifles by mail-order. However, under Canadian Criminal Code - pistol, revolver, or a firearm that is capable of firing bullets in rapid succession during one pressure of the trigger must have a permit.

Central African Republic

1. Law - firearms must be registered initially and license annually.
2. All firearms covered except "weapons of war". All of which are prohibited.

Chad

1. Law - requires registration of all weapons except military weapons which are prohibited.

Chile

1. Law - Most recent regulation is Decree of November 1967 which required compulsory re-registration of all firearms with Defense Ministry.

Columbia

1. Statute - 1886 Constitution - Governing control of weapons. Additional laws through Ministry of Defense - Regulations provide control, through registration of weapons, mandatory every two years.

Costa Rica

1. Law - Executive Decrees
2. Existing laws considered outdated. Attorney General's Office now drafting Executive Decree to consolidate and strengthen existing regulations.

Cyprus

1. Statute - Amendments in 1964
2. The import, export, possession, sale, and manufacture of rifles and automatic weapons is absolutely prohibited.

Czechoslovakia

1. Law - The 1949 Weapons and Ammunition Law, expanded by a 1961 Ministry of Interior decree.
2. Registration of all firearms, including shotguns and handguns with county civil authorities.

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Dahomey

1. Law - All types of firearms other than muzzle loaders. Muzzle loaders are locally made and used extensively in the Bush.

Denmark

1. Statute - July 12, 1946 - amendments of 1961, 1963, 1964 and May 13, 1964



Page Three

Denmark

1. Statute, proclamations and regulations  
July 12, 1946 - amendments of 1961, 1963 and 1964

Dominican Republic

1. Law - October 1965
- 

Ecuador

1. Law - Military Decree - Ecuador's Military Government  
and published in official register July 15, 1963. It  
is very laxly enforced.

El Salvador

1. Law - dating from 1914, amended periodically.  
Law generally loosely enforced, and Government presently  
considering amendments designed to effect greater control.

England

1. Statute - "Firearms Act of 1968"

Ethiopia

1. Law - Decree 1958
- 

Finland

1. Statute - January 1933 and amended by law dated June 1946

France

1. Statutes and Decrees - amended May 1968
- 

Germany

(Berlin)

1. Postwar Disarmament legislation is still in force

Germany

1. Decree - The Reich Weapons Law of March 1938
2. A new Federal Weapons Law - June 1968 - to become  
effective on December 1968.

Ghana

1. Statute - Arms and Ammunition Act of 1962

X

Guatamala

1. Decree - Law published October 1964

Guinea

1. Law

Guyana

1. Law - "Firearms Ordinance and Regulations"



Page Four

Hungary

1. Law - Decree (1955) - Ministry of Interior
- 

Iceland

1. Statute - 1936 and regulations decreed since
2. Icelandic Police do not carry guns.

India

1. Statute - "Arms Act of 1959" and "The Arms Rule of 1962"

Indonesia

Iran

Ireland

1. Statute - 1925 - amended 1964

Israel

1. Statute - All firearms are covered by legislation requiring registration and licensing.

Italy

1. Statute -
- 

Jamaica

1. Statute - Firearms Act of 1967

Japan

1. Statute - 1958 - amendments 1962, 63, 65, 66

Jordan

1. Law - Ministries of Interior, Justice and Defense
- 

Kenya

1. Law - 1962
2. Gun control law is stringently enforced. Government feels its law is a model to be followed by other governments, and it is currently considering legislation to close technical loopholes in existing law.

Kuwait

1. Law - 1961, as yet unamended
2. Firearms and ammo may be possessed, manufactured, repaired, bought, sold, or imported only after obtaining permit from Chief of Police, Chief of Public Security.



Page Five

Laos

1. Law - Ministry of Interior

Lesotho

1. Statute - "Internal Security Arms and Ammo Act of 1966"

Liberia

1. Law - No firearms or ammo may be imported without permit  
All firearms not owned by Government must be registered  
and and registration must be renewed annually.

Libya

1. Law - Royal Decree
2. Suicides per month. Firearms rarely used. Most common means is hanging.

Luxembourg

1. Statute - Firearms control presently being recodified
- 

Malagasy Republic

1. Law

Malaysia

1. Law - registration and licensing required  
applicants are carefully checked by CID and special Branch.
2. Deaths due to Firearms very negligible.

Malawi

1. Statute - Firearms Act December 1967

Malta

1. Law - requires licensing all persons possessing  
firearms. Harpoons or seaguns also require police  
license.

Mali

1. Law - control importation, sale or other transfer,  
storage, and use of all types of firearms and ammo.

Mauritius

1. Law - The Firearms Ordinance of Mauritius applies to  
all types of firearms and to ammo.

Morocco

1. Law - Violators are tried by Military Court.

Mexico

1. Statute - June 13, 1968
-



Page Five

Nepal

1. Law

Netherlands

1. Statute - Firearms Act of 1919

New Zealand

1. Statute - Arms Act of 1959

Nicaragua

1. Law - 1937

Niger

1. Law (Ministry of Interior)

Nigeria

1. Law

Norway

1. Statute - June 9, 1961 and in 1963
- 

Pakistan

1. Law - 1878

Panama

1. Law - Decree 1948

All Firearms must be registered and licensed with National Guard.

Paraguay

1. Law - nominally controlled by police, in practice anyone can own any type of firearm provided he has financial means to obtain it. All types firearms freely sold by stores though prices usually double U.S. Retail Price.

Peru

1. Law - Supreme Decree January 1964

Philippines

1. Statute - The Firearms Law of the Philippines

Portugal

1. Law - Decree - February 1949
- 

Rhodesia

1. Statute - Firearms Act 1960

~~Rwanda~~



Page Six

Rwanda

1. Law - all types of firearms must be registered
- 

Saudi Arabia

1. Law - Decree 1949

Senegal

1. Law - January 1966

Sierra Leone

1. Law - control over possession and circulation of firearms

Singapore

1. Law 1913, an amendments

Somalia

1. Law

South Africa

1. Statute - Arms and Ammo Act 1937

South Korea

1. Law - 1962

South Vietnam

Sweden

1. Statute - August 1, 1949
2. Requires police licesnes for inheritance, possession, retailing and importation of all firearms.

Switzerland

1. No Federal gun control laws in Switzerland, however, all cantons have enacted identical regulations.
- 

Tanzania

1. Law

Thailand

1. Law

Trinidad and Tobago

1. Law - registration and licensing of all firearms and ammo.

Togo

1. Statute - 1962



Page Seven

Tunisia

1. Law - Decree 1945

Turkey

1. Law - July 1953

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Uganda

1. Law

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Upper Volta

1. Law

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Venezuela

1. Law

---

Yugoslavia

1. Law -

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Zambia

1. Law

\* Law (pertains to decrees, ordinances, executive orders)

\* Statute (a law enacted by a legislative branch of government)

It is difficult to determine whether a country's law is a statute or a law (decree, executive order, etc), since the nature of these countries with regard to political have been and some are still in flux.



## Title 22—FOREIGN RELATIONS

### Chapter I—Department of State SUBCHAPTER M—INTERNATIONAL TRAFFIC IN ARMS

[Dept. Reg. 108.552]

#### PART 123—LICENSING CONTROLS

##### Canadian Shipments

Subchapter M of the regulations of the Secretary of State, Part 123, § 123.23, published December 2, 1966 (Dept. Reg. 108.543, 31 F.R. 15174) is amended as follows: Subparagraphs (3) and (4) of paragraph (c) are revised and a new subparagraph (5) is added to paragraph (c) to read as follows:

##### § 123.23 Canadian shipments.

\* \* \*

(c) \* \* \*

(3) Naval nuclear propulsion items as defined in Category VI(e);

(4) Nuclear weapons strategic delivery systems and all specifically designed components, parts, accessories, attachments, and associated equipment therefor (see § 125.32 of this subchapter); and

(5) Aircraft as defined in Category VIII(a) in § 121.01 of this subchapter (and see § 123.64).

\* \* \*

(Sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; Redelegation of Authority No. 104-3-A, 28 F.R. 7231)

Dated: March 1, 1967.

[SEAL]

DEAN RUSK,  
*Secretary of State.*

[F.R. Doc. 67-2990; Filed, Mar. 17, 1967;  
8:46 a.m.]

## Title 22—FOREIGN RELATIONS

### Chapter I—Department of State SUBCHAPTER M—INTERNATIONAL TRAFFIC IN ARMS

[Dept. Reg. 108.554]

#### PART 126—VIOLATIONS AND PENALTIES

##### Exports to Southern Rhodesia

Subchapter M of the regulations of the Secretary of State, Part 126, published December 2, 1966 (Dept. Reg. 108.543, 31 F.R. 15174) is amended as follows:

1. Add the following to the authority citation: "The provisions of Part 126 regarding exports to Southern Rhodesia, issued under E.O. 11322, 32 F.R. 119; 59 Stat. 620, 22 U.S.C. 287(c)."

As amended, the authority citation for Part 126 reads as follows:

AUTHORITY: The provisions of this Part 126 issued under sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redelegation of Authority No. 104-3-A, 28 F.R. 7231. The provisions of Part 126 regarding exports to Southern Rhodesia, issued under E.O. 11322, 32 F.R. 119; 59 Stat. 620, 22 U.S.C. 287(c).

2. Add new § 126.10 as follows:

##### § 126.10 Penalties for violations relating to Southern Rhodesia.

Any person subject to the jurisdiction of the United States who, with regard to exports from the United States to Southern Rhodesia, willfully violates any provision of section 1(d) of Executive Order 11322 or any rule or regulation contained in this part, or who willfully in a registration or license application makes any untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall, upon conviction, be fined not more than \$10,000, or imprisoned not more than 10 years, or both.

Dated: March 20, 1967.

[SEAL] NICHOLAS DEB. KATZENBACH,  
*Acting Secretary of State.*

[F.R. Doc. 67-3611; Filed, Mar. 31, 1967;  
8:48 a.m.]





DEPARTMENT OF STATE

Washington, D.C. 20520

August 2, 1968

TO CERTAIN PERSONS IN CORRESPONDENCE WITH  
THE OFFICE OF MUNITIONS CONTROL

In the event you have not seen the most recent Munitions Control amendments to Title 22, Code of Federal Regulations, I am enclosing a copy for your information. For persons who are owners of recent record of military aircraft not exempted from the regulations, I am also forwarding two copies of the revised form DSP-73, License for Temporary Export of Articles on the U. S. Munitions List, which replaces the former application for a Certificate of Temporary Sojourn.

The following new provisions are significant:

1. Section 121.13(b) excludes certain aircraft from Munitions Control procedures. Control automatically passes to the Department of Commerce.
2. Section 122.02(b) permits registration for a period of five years.
3. Section 123.64 establishes new procedures for the licensing of temporary exports of Munitions List articles, not confined to aircraft. Form DSP-73 should hereafter be used to apply for a temporary license to export all Munitions List articles which the owner intends to return to the United States. Thus, form DSP-73, Application for Certificate of Temporary Sojourn, dated 2-4-60, is now obsolete and will no longer be honored as an application. Certificates that are still valid may be honored by district directors of customs until expiration date, but they may not be renewed or extended.

In this connection, a company that temporarily exports any articles on the Munitions List (e.g., for Air Shows, Boat Shows, test and demonstration, mapping, geological





August 2, 1968

surveys, etc.) should use form DSP-73 to obviate the necessity to obtain both export and import licenses for temporary exports.

Please bring these revisions to the attention of all personnel in your organization who process export and import license applications or who are affected by these revisions.

John W. Sipes

Director

Office of Munitions Control



## RULES AND REGULATIONS

future years will be honored only if the registrant ceases to be a manufacturer, exporter, or importer of Munitions List articles.

3. In Part 123, §§ 123.53, 123.61, and 123.64 are revised to read as follows:

### § 123.53 Arms for personal use of members of Armed Forces.

The following exemptions apply to uniformed personnel of the U.S. Armed Forces or U.S. civilian personnel (both referred to as "personnel") employed by those forces who are assigned abroad for extended duty. These exemptions do not apply to the family members of such personnel. Personnel may take the exemption in either § 123.52 or § 123.53 for themselves, but not both. Adult members 18 years or older (as defined by the Department of Defense) of families of such personnel may, however, take advantage of the exemption in § 123.52 without prejudice to the exemptions provided for the personnel.

(a) *War trophies and war souvenirs.* District directors of customs are authorized to permit personnel employed by those forces to ship or bring (but not mail) into the United States, without license, nonautomatic firearms, upon presentation of written authorization from their commanding officer, which authorization shall include a certification that such firearms are bona fide war trophies or war souvenirs. (This exemption does not include parts or ammunition for war trophies and war souvenirs.)

(b) *Other firearms.* (1) Subject to the provisions of § 123.22, district directors of customs are authorized to permit Category I(a) firearms and parts for such weapons to leave (but not be mailed from) the United States without a license provided they are consigned to servicemen's clubs abroad or to individual members of the Armed Forces of the United States, and are accompanied by a written authorization from the commanding officer.

(2) District directors of customs are authorized to permit the same identical firearms and parts (as described in subparagraph (1) of this paragraph) to re-enter (but not be mailed to) the United States without a license when the owner states they are being returned for his personal use and not for sale, and are accompanied by a written authorization from the commanding officer who certifies to their identity.

(3) Subject to the provisions of § 123.22, district directors of customs are authorized to permit, after declaration by the personnel and inspection by a customs officer, not more than three Category I(a) firearms and parts for such weapons to enter the United States without a license when the owner certifies that the firearms and parts are for his personal use, for sporting or scientific purposes, or for personal protection, and not for sale or disposal from his possession.

(c) *Ammunition.* Subject to the provisions of § 123.22, district directors of customs are authorized to permit not more than 1,000 cartridges (or rounds) of am-

munition for the firearms in paragraph (b) of this section to enter the United States or depart therefrom without a license when the firearms are on the person of the owner or with his baggage or effects, whether accompanied or unaccompanied (but not mailed).

### § 123.61 Certain helium gas.

(a) No license shall be required for the importation of helium gas.

(b) Subject to the provisions of §§ 121.14 and 123.22, district directors of customs are authorized to permit the exportation, without a license, of miniature cylinders containing helium gas in fractional cubic foot quantities mixed with other gases, provided that the shipment does not exceed 10 cubic feet of "contained helium" to any consignee in any one shipment, and (1) the gas is intended for medical use or for the use of educational and research institutions and laboratories where such organizations have education and research as their primary purpose; (2) the gas is to be used by U.S. companies to repair or provide maintenance on equipment for which they have contractual responsibilities.

### § 123.64 Temporary exports.

A license for temporary export of articles on the Munitions List may be issued, usually for a period not to exceed 6 months, by the Department of State in lieu of export and import licenses when the applicant intends to export the articles temporarily and return them to the United States. The Department of State may require documentary evidence pertinent to the sojourn abroad of the articles, and may require execution of a bond before issuance of a temporary export license.

(a) Owners of articles on the Munitions List who intend to use or send such articles abroad for temporary periods and return them in the same condition to the United States must apply for a License for Temporary Export of Articles on the U.S. Munitions List on form DSP-73.

(b) If a license is issued, the license is forwarded to the applicant who is required to have the articles depart the United States where a customs officer is available. The license must be presented to a customs officer who, if he finds no discrepancy, endorses the exit column on the reverse of the license. The license is returned to the owner or bearer and is carried in company with the article as evidence that it has been authorized to leave the United States by the Department of State and Bureau of Customs, Department of Treasury.

(c) When the article is returned to the United States, the license must be endorsed in the entry column by a customs officer, and the license is returned to the owner or bearer. The owner is responsible to return the used license immediately to the Office of Munitions Control, Department of State.

(d) The Department may permit a series of temporary exports of the same Munitions List articles under a License

## Title 22—FOREIGN RELATIONS

### Chapter I—Department of State

#### SUBCHAPTER M—INTERNATIONAL TRAFFIC IN ARMS

[Departmental Reg. 108.593]

### PART 121—ARMS, AMMUNITION, AND IMPLEMENTS OF WAR

#### PART 122—REGISTRATION

#### PART 123—LICENSING CONTROLS

#### PART 125—TECHNICAL DATA

##### Miscellaneous Amendments

Parts 121, 122, 123, and 125 of Title 22 of the Code of Federal Regulations are amended as set forth below:

1. In Part 121, § 121.13(b) is revised to read as follows:

#### § 121.13 Aircraft and related articles.

(b) Regardless of demilitarization, all aircraft bearing an original military designation are included in Category VIII of the U.S. Munitions List, except the following aircraft which have not been specifically equipped or modified for military operations:

(1) Cargo aircraft bearing "C" designations C-45 through C-118 inclusive, and C-121;

(2) Trainer aircraft bearing "T" designations and using reciprocating engines only;

(3) Utility aircraft bearing "U" designations and using reciprocating engines only;

(4) All liaison aircraft bearing an "L" designation.

2. In Part 122, §§ 122.02(b) and 122.03 are revised, and § 122.02(c) is added, reading as follows:

#### § 122.02 Application for registration.

(b) Applicants may be registered for periods of from 1 to 5 years at a time upon payment of a fee of \$75 per year at the option of the registrant.

(c) A registrant who fails to renew his registration for any number of years between the time his registration expires and the time he seeks to re-register may be liable to pay registration fees for each year in which he was not registered.

#### § 122.03 Refund of fee.

When a multiple-year registration fee is paid, a request for refund for whole



for Temporary Export. Full details must be given on form DSP-73 or in a covering letter. If a series of exports and imports is authorized, usually for a period not to exceed 6 months, the owner or person in whose custody the article is entrusted must have the license endorsed by customs upon each exit and reentry. On the final return, the owner is responsible to return the used license immediately to the Office of Munitions Control, Department of State.

(e) All unused licenses must be returned by the owner to the Office of Munitions Control not later than the expiration of the period of validity for which the license was issued.

(f) Owners are responsible for the acts of their employees and agents to whom the owner may, orally or in writing, delegate authority to operate, carry, or otherwise use a Munitions List article abroad. Similarly, owners are responsible for the acts of persons and companies to whom they may, orally or in writing, lease, give, or otherwise grant

temporary custody of a Munitions List article for operation or other use abroad. By the same token, such persons and companies are equally responsible to comply with the regulations in this subchapter.

(g) Failure to return a used or unused License for Temporary Export (DSP-73) to the Office of Munitions Control shall constitute an offense subject to the provisions of Part 126 of this subchapter.

(h) Requests for extension of a License for Temporary Export must be submitted to the Department of State on a new application form (DSP-73) reflecting the port of departure stated on the original application, or if different therefrom, the actual port of departure.

4. In Part 125, § 125.30(a)(2) is revised to read as follows:

**§ 125.30 General exemptions.**

\* \* \* \* \*

(a) \* \* \*

(2) If it has been approved for public release by any department or agency having authority for the classification of information or material under Executive Order 10501, as amended, and does not disclose the details of design, production, or manufacture of an article on the U.S. Munitions List.

*Effective date.* These amendments are effective upon publication in the **FEDERAL REGISTER**.

(Sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 3 CFR, 1959-1963 Comp.; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; Re-delegation of Authority No. 104-3-A, 28 F.R. 7231)

Dated: July 23, 1968.

[SEAL]

DEAN RUSK,  
Secretary of State.

[F.R. Doc. 68-9275; Filed, Aug. 1, 1968;  
8:49 a.m.]



MC

DEPARTMENT OF STATE, U. S. A.  
WASHINGTON, D. C. 20520

OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
DEPARTMENT OF STATE

Mr. George D. Newton, Jr.  
Task Force on Weapons  
National Commission on the Causes  
and Prevention of Violence  
726 Jackson Place, N.W.  
Washington, D.C., 20506



# FEDERAL REGISTER

VOLUME 31 • NUMBER 233

Friday, December 2, 1966 • Washington, D.C.

*Miss Hallingby: Please  
see section 123.52.*

PART II

Department of State



International Traffic  
in Arms

Revision and Republication





## Title 22—FOREIGN RELATIONS

### Chapter I—Department of State

[Dept. Reg. 108.543]

#### SUBCHAPTER M—INTERNATIONAL TRAFFIC IN ARMS

#### REVISION AND REPUBLICATION OF SUBCHAPTER

Subchapter M of the regulations of the Secretary of State (§§ 121.01–127.01) issued July 13, 1965 (Departmental Regulation 108.520, 30 F.R. 9034) is hereby revised as follows:

##### Part

- 121 Arms, ammunition, and implements of war.
- 122 Registration.
- 123 Licensing controls.
- 124 License and technical assistance agreements.
- 125 Technical data.
- 126 Violations and penalties.
- 127 Administrative procedures.

### PART 121—ARMS, AMMUNITION, AND IMPLEMENTS OF WAR

#### ENUMERATION OF ARTICLES

- Sec.
- 121.01 The United States Munitions List.

#### DEFINITIONS AND INTERPRETATIONS

- 121.02 Substantial transformation.
- 121.03 Firearms.
- 121.04 Cartridge and shell casings.
- 121.05 Military demolition blocks and blasting caps.
- 121.06 Apparatus and devices under Category IV(b).
- 121.07 Amphibious vehicles.
- 121.08 Chemical agents.
- 121.09 Propellants.
- 121.10 Military explosives.
- 121.11 Military fuel thickeners.
- 121.12 Vessels of war and special naval equipment.
- 121.13 Aircraft and related articles.
- 121.14 Helium gas.
- 121.15 Forgings, castings, and machined bodies.
- 121.16 "United States".
- 121.17 Person.

**AUTHORITY:** The provisions of this Part 121 issued under sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redelegation of Authority No. 104-3-A, 28 F.R. 7231.

#### ENUMERATION OF ARTICLES

##### § 121.01 The United States Munitions List.

Pursuant to the authority cited supra the following articles<sup>1</sup> are hereby designated as arms, ammunition and implements of war.

#### CATEGORY I—FIREARMS

- (a) Nonautomatic and semiautomatic firearms, to caliber .50 inclusive, and all components and parts thereof (see §§ 121.03, 123.03, 123.51, and 123.55).
- (b) Automatic firearms and all components and parts thereof to caliber .50 inclusive (see §§ 121.03 and 123.03).

<sup>1</sup> The term "article" shall mean any of the arms, ammunition and implements of war and technical data relating thereto enumerated in the United States Munitions List. (See § 123.66)

(c) Insurgency-counterinsurgency type firearms or other weapons having a special military application regardless of caliber; and all components and parts thereof.

- (d) Firearms silencers.
- (e) Bayonets and specifically designed components thereof.
- (f) Riflescopes (except sporting type sights including optical) and specifically designed components thereof.

#### CATEGORY II—ARTILLERY AND PROJECTORS

- (a) Guns over caliber .50, howitzers, mortars, and recoilless rifles.
- (b) Military flame throwers and projectors.
- (c) Components and parts including, but not limited to, mounts and carriages for the articles in paragraphs (a) and (b) of this Category.

#### CATEGORY III—AMMUNITION

- (a) Ammunition for the arms in Categories I and II of this section (see § 123.03).
- (b) The following components, parts, accessories, and attachments: cartridge cases, powder bags, bullets, jackets, cores, shells (excluding shotgun), projectiles, boosters, fuzes and components thereof, primers, and other detonating devices for such ammunition (see § 121.04).
- (c) Ammunition belting and linking machines.
- (d) Ammunition manufacturing machines, and ammunition loading machines (except hand loading).

#### CATEGORY IV—LAUNCH VEHICLES, GUIDED MISSILES, BALLISTIC MISSILES, ROCKETS, TORPEDOES, BOMBS, AND MINES

- (a) Launch vehicles, guided missiles, ballistic missiles, bombs, grenades, rockets, torpedoes, rocket torpedoes, depth charges, land and naval mines, and military demolition blocks and blasting caps (see § 121.05).
- (b) Apparatus, devices, and materials for the handling, control, activation, detection, protection, discharge, or detonation of the articles in paragraph (a) of this Category (see § 121.06).
- (c) Missile and space vehicle powerplants.
- (d) Military explosive excavating devices.
- (e) Filament winding machines designed for or modified for the manufacture of structural forms, for articles in this Category.
- (f) All specifically designed components, parts, accessories, attachments, associated equipment, and specialized production equipment for the articles in this Category.

#### CATEGORY V—PROPELLANTS, EXPLOSIVES, AND INCENDIARY AGENTS

- (a) Propellants for the articles in Categories III and IV of this section (see § 121.09).
- (b) Military explosives (see § 121.10).
- (c) Military fuel thickeners (see § 121.11).
- (d) Military pyrotechnics.

#### CATEGORY VI—VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

- (a) Warships, amphibious warfare vessels, landing craft, mine warfare vessels, patrol vessels, auxiliary vessels, service craft, floating dry docks, and experimental types of naval ships (see § 121.12).
- (b) Turrets and gun mounts, missile systems, arresting gear, special weapons systems, protective systems, submarine storage batteries, catapults and other components, parts, attachments, and accessories specifically designed for combatant vessels, including but not limited to, battleships, command ships, guided missile ships, cruisers, aircraft carriers, destroyers, frigates, escorts, minesweepers, and submarines.
- (c) Submarine and torpedo nets, and mine sweeping equipment. Components, parts, attachments and accessories specifically designed therefor.

(d) Harbor entrance magnetic, pressure, and acoustic detection devices, controls and components thereof.

(e) Naval nuclear propulsion plants, their land prototypes and special facilities for their construction, support and maintenance, including any machinery, device, component, or equipment specifically developed or designed for use in such plants or facilities<sup>2</sup> (see § 123.66).

#### CATEGORY VII—TANKS AND MILITARY VEHICLES

- (a) Military type armed or armored vehicles, military railway trains, and vehicles fitted with, designed or modified to accommodate, mountings for arms or other specialized military equipment.
- (b) Military tanks, tank recovery vehicles, half-tracks and gun carriers.
- (c) Self-propelled guns and howitzers.
- (d) Military trucks, trailers, hoists, and skids specifically designed for carrying and handling the articles in paragraph (a) of Categories III and IV; military mobile repair shops specifically designed to service military equipment.
- (e) Military recovery vehicles.
- (f) Amphibious vehicles (see § 121.07).
- (g) All specifically designed components, parts, accessories, attachments, and associated equipment, including military bridging and deep water fording kits for the articles in this Category.

#### CATEGORY VIII—AIRCRAFT, SPACECRAFT, AND ASSOCIATED EQUIPMENT

- (a) Aircraft including helicopters designed, modified or equipped for military purposes, including but not limited to the following: gunnery, bombing, rocket, or missile launching, electronic surveillance, reconnaissance, refueling, aerial mapping, military liaison, cargo carrying or droppings, personnel dropping, military trainers, drones, and lighter-than-air aircraft (see § 121.13).
- (b) Spacecraft including manned and unmanned, active and passive satellites.
- (c) Military aircraft engines, except reciprocating engines, and spacecraft engines specifically designed or modified for the aircraft and spacecraft in paragraphs (a) and (b) of this Category.
- (d) Airborne equipment, including but not limited to JATO units and airborne refueling equipment, specifically designed for use with the aircraft, spacecraft, and engines of the types in paragraphs (a), (b), and (c) of this Category.
- (e) Launching, arresting, and recovery equipment for the articles in paragraphs (a) and (b) of this Category.
- (f) Nonexpansive balloons in excess of 3,000 cubic feet capacity, except such types as are in normal sporting use.
- (g) Power supplies and energy sources specifically designed for spacecraft.
- (h) Components, parts, accessories, attachments, and associated equipment, including propellers and airfield matting, specifically designed or modified for the articles in paragraphs (a) through (g) of this Category.

<sup>2</sup> Applications for licensing the export of any such machinery device, component, or equipment, or technical data relating thereto, will not be granted if the proposed export does not come within the scope of an existing Agreement for Cooperation for Mutual Defense Purposes concluded pursuant to the Atomic Energy Act of 1954, as amended, with the government of the country to which the item will be exported; unless the license application involves an item (a) which is identical to that in use in an unclassified civilian nuclear powerplant, and its furnishing does not disclose its relationship to naval nuclear propulsion, and (b) which is not for use in a naval propulsion plant.



(i) Experimental or developmental aircraft components known to have a significant military application.

(j) Parachutes, except such types as are in normal sporting use, and complete canopies, harnesses, and platforms, and electronic release mechanisms therefor.

(k) Ground effect machines (GEMS), including surface effect machines and other air cushion vehicles, except such machines as are in normal commercial use, and all components, parts, accessories, attachments, and associated equipment specifically designed or modified for use with such machines.

(l) Inertial systems, and specifically designed components therefor, inherently capable of yielding accuracies of better than 2 to 4 nautical miles per hour c.e.p.

#### CATEGORY IX—MILITARY TRAINING EQUIPMENT

(a) Military training equipment includes but is not limited to attack trainers, radar target trainers, radar target generators, gunnery training devices, antisubmarine warfare trainers, target equipment, armament trainers, pilotless aircraft trainers, mobile training units, military type link trainers, operational flight trainers, flight simulators, radar trainers, instrument flight trainers and navigation trainers.

(b) Components, parts accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraph (a) of this Category.

#### CATEGORY X—PROTECTIVE PERSONNEL EQUIPMENT

(a) Military body armor (including armored vests), flak suits and components and parts specifically designed therefor; military helmets, including liners.

(b) Partial pressure suits, pressurized breathing equipment, military oxygen masks, anti-"G" suits, protective clothing for handling guided missile fuel, military crash helmets, liquid oxygen converters used for aircraft (enumerated in Category VIII(a)), missiles, catapults, and cartridge-actuated devices utilized in emergency escape of personnel from aircraft (enumerated in Category VIII(a)).

(c) Components, parts, accessories, attachments, and associated equipment specifically designed for use with the articles in paragraphs (a) and (b) of this Category.

#### CATEGORY XI—MILITARY AND SPACE ELECTRONICS

(a) Electronic equipment bearing a military designation including, but not limited to, the following items: Radar, active and passive countermeasures, counter countermeasures, underwater sound, computers, navigation, guidance, electronic fuzes, object-locating methods and means, displays that represent signals of military use, identification systems, missile and antimissile systems, telemetering and communications electronic equipment; and, regardless of designation, any experimental or developmental electronic equipment specifically designed or modified for military application.

(b) Electronic equipment specifically designed or modified for spacecraft and spaceflight.

(c) Components, parts, accessories, attachments, and associated equipment specifically designed for use or currently used with the equipment in paragraphs (a) and (b) of this Category, except such items as are in normal commercial use.

#### CATEGORY XII—FIRE CONTROL, RANGE FINDER, OPTICAL AND GUIDANCE AND CONTROL EQUIPMENTS

(a) Fire control; gun and missile tracking and guidance systems; military infrared, image intensifier and other night sighting

and night viewing equipment; military masers and military lasers; gun laying equipment; range, position and height finders and spotting instruments; aiming devices (electronic, gyroscopic, optic, and acoustic); bomb sights, bombing computers, military television sighting and viewing units, inertial platforms; and periscopes for the articles of this section.

(b) Inertial and other weapons or space vehicle guidance and control systems; spacecraft guidance, control and stabilization systems; astro compasses; and star trackers.

(c) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs (a) and (b) of this Category, except such items as are in normal commercial use.

#### CATEGORY XIII—AUXILIARY MILITARY EQUIPMENT

(a) Aerial cameras, space cameras, special purpose military cameras, and specialized processing equipment therefor; military photointerpretation, stereoscopic plotting, and photogrammetry equipment, and specifically designed components therefor.

(b) Cryptographic devices (encoding and decoding), and specifically designed components therefor.

(c) Self-contained diving and underwater breathing apparatus designed for a military purpose and specifically designed components therefor.

(d) Armor plate.

(e) Concealment and deception equipment, including, but not limited to, special paints, decoys, and simulators, components, parts and accessories specifically designed therefor.

(f) Energy conversion devices for producing electrical energy from nuclear, thermal, or solar energy, or from chemical reaction, specifically designed or modified for military application.

(g) Chemiluminescent compounds and solid state devices specifically designed or modified for military application.

#### CATEGORY XIV—TOXICOLOGICAL AGENTS AND EQUIPMENT; RADIOLOGICAL EQUIPMENT

(a) Chemical agents, including lung irritants, vesicants, lacrimators, and tear gases, sternutators and irritant smokes, and nerve gases and incapacitating agents (see § 121.08).

(b) Biological agents adapted for use in war to produce death or disablement in human beings or animals or to damage crops and plants.

(c) Equipment for dissemination, detection, and identification of, and defense against the articles in paragraphs (a) and (b) of this Category (see § 123.52(a)).

(d) Nuclear radiation detection and measuring devices, except such devices as are in normal commercial use.

(e) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs (c) and (d) of this Category.

#### CATEGORY XV—HELIUM GAS

Contained helium and admixtures thereof (see § 121.14 and § 123.61).

#### CATEGORY XVI—NUCLEAR WEAPONS DESIGN AND TEST EQUIPMENT<sup>3</sup>

(a) Any article, material, equipment, or device, which is specifically designed or specifically modified for use in the design, development, or fabrication of nuclear weapons or nuclear explosive devices.

(b) Any article, material, equipment, or device, which is specifically designed or spe-

cifically modified for use in the devising carrying out, or evaluating of nuclear weapons tests or any other nuclear explosions except such items as are in normal commercial use for other purposes.

#### CATEGORY XVII—CLASSIFIED ARTICLES

All articles including technical data relating thereto, not enumerated herein, containing information which is classified as requiring protection in the interests of national defense.

#### CATEGORY XVIII—TECHNICAL DATA

Technical data relating to the articles designated in this subchapter as arms, ammunition, and implements of war (see § 125.01 for definition and § 125.30 for exemptions. See also § 123.66).

#### CATEGORY XIX—MISCELLANEOUS ARTICLES

Any article and technical data relating thereto not enumerated herein having significant military applicability, determined by the Director, Office of Munitions Control, Department of State, in consultation with appropriate agencies of the Government and having the concurrence of the Department of Defense.

#### DEFINITIONS AND INTERPRETATIONS

##### § 121.02 Substantial transformation.

As used in § 123.03(c), the term "substantially transformed" shall refer to the reallocation of firearms abroad to accomplish the following changes:

(a) As applied to rifles and carbines, the changes must have included at least either (1) rechambering for a higher caliber or charge cartridge or (2) installation of a new action.

(b) As applied to pistols and revolvers, the changes must have included at least either (1) rechambering or (2) modification of the cylinder for the accommodation of a higher caliber or charge cartridge.

(c) Other changes, such as rebarreling, modification of stocks, or grips, rebluing, or replacing of sights, singly or together, are not sufficient to so substantially transform the weapons as to become, in effect, articles of foreign manufacture.

##### § 121.03 Firearms.

Rifles, carbines, revolvers, and pistols, to caliber .50 inclusive, are included under Category I(a). Machineguns, sub-machineguns, machine pistols, and fully automatic rifles to caliber .50 inclusive are included under Category I(b).

(a) As used in this subchapter, the term "firearm" denotes a weapon not over .50 caliber discharging bullets by an explosive force.

(b) A "rifle" is a shoulder firearm discharging bullets through a rifled barrel at least 16 inches in length, including combination and drilling guns.

(c) A "carbine" is a lightweight shoulder firearm with a short barrel, under 16 inches in length.

(d) A "pistol" is a hand operated firearm having a chamber integral with, or permanently aligned with, the bore.

(e) A "revolver" is a hand-operated firearm with a revolving cylinder containing chambers for individual cartridges.

(f) A "machinegun", "machine pistol", or "submachinegun" is a firearm origi-

<sup>3</sup> See § 123.66. See also Department of Commerce Export Regulations, 15 CFR 373.7.



nally designed to fire, or capable of being fired fully automatically by a single pull of the trigger.

#### § 121.04 Cartridge and shell casings.

Cartridge and shell casings are included under Category III of the U.S. Munitions List unless, prior to their exportation or importation, they have been rendered useless beyond the possibility of restoration for use for the purpose originally produced by means of excessive heating, flame treatment, mangling, crushing, cutting, or popping.

#### § 121.05 Military demolition blocks and blasting caps.

The term "military demolition blocks and blasting caps" does not include the following articles:

- (1) Electric squibs.
- (2) No. 6 and No. 8 blasting caps, including electric.
- (3) Delay electric blasting caps (including No. 6 and No. 8 millisecond).
- (4) Seismograph electric blasting caps (including SSS, Static-Master, Vibrocap SR, and SEISMO SR).
- (5) Oil well perforating devices.

#### § 121.06 Apparatus and devices under Category IV(b).

Category IV(b) includes inter alia the following: Fuzes and components thereof, bomb racks and shackles, bomb shackle releases units, bomb ejectors, torpedo tubes, torpedo and guided-missile boosters, guidance system materials (except those having a commercial application), launching racks and projectors, pistols (exploders), igniters, fuze-arming devices intervalometers, and components therefor, guided-missile launchers and specialized handling equipment, and hardened-missile launching facilities.

#### § 121.07 Amphibious vehicles.

As used in Category VII(f), the term "amphibious vehicles" includes, but is not limited to, automotive vehicles or chassis embodying all-wheel drive and equipped to meet special military requirements, with adaptation features for deep-water fording and sealed electrical systems.

#### § 121.08 Chemical agents.

(See Category XIV(a).)

A chemical agent is a substance useful in war which, by its ordinary and direct chemical action, produces a powerful physiological effect. The term "chemical agents" includes but is not limited to the following chemical compounds:

1. Lung irritants:
  - (a) Diphenylcyanoarsine (DC).
  - (b) Fluorine (but not fluorene).
  - (c) Trichloronitro methane (Chlorpicrin, PS).
2. Vesicants:
  - (a) B Chlorvinylidichlorarsine (Lewisite, L).
  - (b) Bisdichlorethyl sulphide (Mustard gas, HD or H).
  - (c) Ethyldichlorarsine (ED).
  - (d) Methylidichloroarsine (MD).
3. Lacrimators and tear gases:
  - (a) Brombenzylcyanide (BBC).
  - (b) Chloroacetophenone (CE).
  - (c) Dibromodimethyl ether.

- (d) Dichlorodimethyl ether (ClCl).
- (e) Ethyldibromoarsine.
- (f) Phenylcarbylamine chloride.
- (g) Tear gas solutions (CNB and CNS).
- (h) Tear gas orthochlorobenzalmononitrile (CS).

#### 4. Sternutators and irritant smokes:

- (a) Diphenylaminechloroarsine (Adam-site, DM).
- (b) Diphenylchlorarsine (BA).

#### 5. Nerve gases. These are toxic compounds which affect the nervous system, such as:

- (a) Dimethylaminoethoxycyanophosphine oxide (GA).
- (b) Methylisopropoxyfluorophosphine oxide (GB).
- (c) Methylpinacolyoxyfluorophosphine oxide (GD).

#### 6. Antiplant chemicals:

- (a) Butyl, 2,4-dichlorophenoxyacetate (LNA).
- (b) 2,4,5-trichlorophenoxyacetate (LNB).
- (c) Butyl 2-chloro-4-fluorophenoxyacetate (LNF).

#### § 121.09 Propellants.

The term "propellants" includes but is not limited to the following:

- (1) Propellant powders including smokeless shotgun powder.
- (2) Hydrazine (including Monomethyl hydrazine and symmetrical dimethyl hydrazine but excluding hydrazine hydrate).
- (3) Unsymmetrical dimethylhydrazine.
- (4) Hydrogen peroxide over 85 percent concentration.
- (5) Nitroguanidine or picrite.
- (6) Nitrocellulose with nitrogen content of over 12.20 percent.
- (7) Other solid propellant compositions, including but not limited to the following:
  - (a) Single base (nitrocellulose).
  - (b) Double base (nitrocellulose, nitroglycerin).
  - (c) Triple base (nitrocellulose, nitroglycerin, nitroguanidine).
  - (d) Composite of nitroglycerin, ammonium perchlorate, potassium perchlorate, nitronium perchlorate, guanidine (guanidium) perchlorate, nitrogen tetroxide, ammonium nitrate or nitrocellulose with plastics, metal fuels, or rubbers added; and compounds composed only of fluorine and one or more of the following: Other halogens, oxygen, or nitrogen.
  - (e) Special purpose chemical base high energy solid military fuels.
  - (8) Other liquid propellant compositions, including but not limited to the following:
    - (a) Monopropellants (hydrazine, hydrazine nitrate, and water).
    - (b) Bipropellants (hydrazine, fuming nitric acid (HNO<sub>3</sub>)).
    - (c) Special purpose chemical base high energy liquid military fuels, and oxidizers.

#### § 121.10 Military explosives.

The term "military explosives" includes, but is not limited to, the following:

- (a) Ammonium picrate.
- (b) Black sode powder.
- (c) Cyclotetramethylene - tetranitramine (HMX).
- (d) Cyclotrimethylene-trinitramine (RDX, Cyclonite, Hexogen or T4).
- (e) Dinitronaphthalene.
- (f) Ethylenedinitramine.
- (g) Hexanitrodiphenylamine.
- (h) Nitroglycerin.
- (i) Nitrostarch.
- (j) Pentaerythritol tetranitrate (penthrate, pentrite or PETN).
- (k) Potassium nitrate powder.
- (l) Tetranitronaphthalene.
- (m) Trinitroanisole.

- (n) Trinitronaphthalene.
- (o) Trinitrophenol (picric acid).
- (p) Trinitrophenylmethyl-nitramine (Tetryl).
- (q) Trinitrotoluene (TNT).
- (r) Trinitroxylenes.
- (s) Ammonium perchlorate nitrocellulose (military grade).
- (t) Any combinations of the above.

#### § 121.11 Military fuel thickeners.

The term "military fuel thickeners" includes: compounds (e.g., octal), or mixtures of such compounds (e.g., napalm) specifically formulated for the purpose of producing materials which, when added to petroleum products, provide a gel-type incendiary material for use in bombs, projectiles, flame throwers or other implements of war.

#### § 121.12 Vessels of war and special naval equipment.

(See Category VI.)

The term "vessels of war" includes, but is not limited to, the following:

- (a) Combatant:
  - (1) Warships (including nuclear-powered versions):
    - Aircraft carriers (CVA, CVE, CVHE, CVL, CVS).
    - Battleships (BB, BBG).
    - Command ships (CBC, CLC).
    - Cruisers (CA, CAG, CB, CG, CL, CLAA, CLG).
    - Destroyers (DD, DDC, DDE, DDG, DDR, DL, DLG).
    - Submarines (SS, SSB, SSG, SSK, SSR).
  - (2) Amphibious warfare vessels:
    - Amphibious assault ship (LPH).
    - Amphibious force flagship (AGC).
    - Assault helicopter aircraft carrier (CVHA).
    - Attack cargo ship (AKA).
    - Control escort vessel (DEC).
    - Cargo submarine (AK (SS)).
    - Inshore fire support ship (IFS).
    - Landing ships (LSD, LSSF, LSIL, LSM, LSMR, LSSL, LST).
    - Transport submarine (AP(SS)).
    - Transports (APA, APD).
  - (3) Landing craft (LCC, LCM, LCP, LCR, LCS, LCU, LCV, LCVF).
  - (4) Landing vehicle, tracked (LVT).
  - (5) Mine warfare vessels:
    - Mine hunter, coastal (MHC).
    - Mine countermeasures support ship (MCS).
    - Minelayers (DM, MMA, MMC, MMF).
    - Minesweepers (DMS, MSC, MSC(O), MSF, MSO, MSI, MSB, MSA, YMS, MSL, Ub/MS).
  - (6) Patrol vessels:
    - Escort vessels (DE, DER, PCS, PCER, PF, DEG).
    - Gunboats (PCM, PR).
    - Submarine chasers (PC, PCS, SC).
    - Yacht (PY).
  - (b) Auxiliary vessels and service craft:
    - (1) Advanced aviation base ship (AVB).
    - (2) Auxiliary submarine (AG(SS)).
    - (3) Cable repairing or laying ship (ARC).
    - (4) Degaussing vessel (ABG).
    - (5) Distilling ship (AW).
    - (6) Drone aircraft catapult control craft (YV).
    - (7) Floating dry docks, cranes, and associated workshops and lighters (AFDB, AFDL, AFDM, ARD, YD, YFD, YFMD, YR, YRDH, YRDM, YHL, YSD).
    - (8) Floating pile driver (YPD).
    - (9) Guided-missile ship (AVM).
    - (10) Harbor utility craft (YFU).
    - (11) Icebreaker (AGB).
    - (12) Logistic support ships (AE, AF, AK, AKS, AO, ACE, AOG, AOR, AO(SS), AVS).
    - (13) Miscellaneous auxiliary (AG, IX, YAG).
    - (14) Miscellaneous cargo ships (AKD, AKL, AKV, AVI).



(15) Naval barges and lighters (YC, YCF, YCK, YCV, YF, YFB, YFN, YFNS, YFNX, YFP, YFR, YFRN, YFRT, YFT, YG, YGN, YO, YOG, YOGN, YON, YOS, YSR, YTT, YW, YWN).

(16) Net laying and tending ships (AKN, AN, YNG).

(17) Oceanographic research ship (AGOR).

(18) Patrol craft (PT, YP).

(19) Repair, salvage, and rescue vessels (AR, ARB, ARG, ARL, ARS, ARSD, ARV, ARVA, ARVE, ASR).

(20) Survey ships (AGS, AGSC).

(21) Target and training submarine (SST).

(22) Tenders (AD, AGP, ARST, AS, AV, AVP, YDT).

(23) Transports and barracks vessels (AP, APB, APC, APL, YHB, YRB, YRBM).

(24) Tugs (ATA, ATF, ATR, YTB, YTL, YTM).

(25) Dredge (YM).

(26) Ocean radar picket ship (AGR).

(27) Submersible craft (X).

(28) Utility aircraft carrier (CVU).

(c) Coast Guard patrol and service vessels and craft:

(1) Submarine repair and berthing barge (YRB).

(2) Labor transportation barracks ship (APL).

(3) Coast Guard cutter (CGC).

(4) Gunboat (WPG).

(5) Patrol Craft (WPC, WSC).

(6) Seaplane tender (WAVP).

(7) Icebreaker (WAGB).

(8) Cargo ship (WAK).

(9) Buoy tenders and boats (WAGE, WD).

(10) Cable layer (WARC).

(11) Lightship (WAL).

(12) Coast Guard tugs (WAT, WXT).

(13) Radio ship (WAGR).

(14) Special vessel (WIX).

(15) Auxiliary vessels (WAG, WAGE).

(16) Other Coast Guard patrol or rescue craft (i) of over 300 horsepower when equipped with a gas turbine engine or engines, and (ii) of over 600 horsepower when equipped with an engine or engines of the internal combustion, reciprocating type.

(d) Air Force craft: Air Force rescue boat.

(e) Army vessels and craft:

(1) Transportation Corps tug: 100 ft. (LT), 65 ft. (ST), T-boat, Q-boat, J-boat, E-boat.

(2) Barges (BG, BC, BR, BSP, BSPI, BKI, BCF, BBL, BARC, BK).

(3) Cranes, floating (BD).

(4) Drydock, floating (FDL).

(5) Repair ship, floating (FMS).

(6) Trainer, amphibious 20-ton wheeled tow boat, inland waterway (LTI, STI).

#### § 121.13 Aircraft and related articles.

(a) The term "aircraft" used in Category VIII of the U.S. Munitions List means aircraft designed, modified, or equipped for military purpose as specified in Category VIII, including so-called "demilitarized" aircraft. The exportation and importation of such aircraft are subject to the licensing requirements of the Department of State.

(b) Regardless of "demilitarization," all aircraft bearing an original military designation (including those with cargo or "C" designators such as the C-45, C-46, C-47, and C-54) are included in Category VIII of the U.S. Munitions List.

#### § 121.14 Helium gas.

The word "helium" shall be understood to mean "contained helium" at standard atmospheric pressure (14.7 pounds per square inch) and 70° Fahrenheit. The term "contained helium" means the

actual quantity of the element helium (i.e., 100 percent pure helium) in terms of cubic feet present in a mixture of helium and other gases. Purity determination shall be made by usually recognized methods.

#### § 121.15 Forgings, castings, and machined bodies.

Items in a partially completed state, such as forgings, castings, extrusions, and machined bodies of any of the articles enumerated in the U.S. Munitions List which have reached a stage in manufacture where they are clearly identifiable as arms, ammunition, and implements of war are considered to be such articles for the purposes of section 414 of the Mutual Security Act, as amended.

#### § 121.16 "United States."

For purposes of this subchapter the term "United States," when used in the geographical sense, includes the several States, the insular possessions of the United States, the Canal Zone, the District of Columbia, and any territory over which the United States exercises all and any powers of administration, legislation, and jurisdiction.

#### § 121.17 Person.

For the purposes of this subchapter the term "Person" includes a partnership, company, association, or corporation, as well as a natural person.

### PART 122—REGISTRATION

Sec.

122.01 Registration requirements.

122.02 Application for registration.

122.03 Refund of fee.

122.04 Notification of changes in information furnished by registrants.

122.05 Maintenance of records by persons required to register as manufacturers, importers or exporters of U.S. Munitions List articles.

**AUTHORITY:** The provisions of this Part 122 issued under sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redesignation of Authority No. 104-3-A, 28 F.R. 7231.

#### § 122.01 Registration requirements.

(a) Persons engaged in the business, in the United States, of manufacturing, exporting, or importing articles enumerated in the U.S. Munitions List are required to register with the Secretary of State. Manufacturers, whether or not they engage in export or import, are required by law to register.

(b) The fabrication of arms, ammunition, and implements of war for experimental or scientific purposes, including research and development, is not considered as manufacture for the purposes of section 414 of the Mutual Security Act of 1954, as amended.

(c) Registration is not required of persons whose pertinent business activities are confined to the production, exportation, and importation of unclassified technical data relating to arms, ammunition, and implements of war.

<sup>1</sup> Registration is not required of persons whose entire export activity is subject to license under the provisions of the Atomic Energy Act of 1954, as amended.

#### § 122.02 Application for registration.

(a) Applications for registration shall be submitted to the Secretary of State on form DSP-9 and shall be accompanied by a registration fee in the form of money order or check payable to the Department of State.

(b) Registration may be effected for periods of 1 or 2 years upon payment of a fee of \$75 and \$150 respectively, at the option of the registrant.

#### § 122.03 Refund of fee.

When a 2-year registration fee is paid, a refund for an unused year may be granted, if warranted by reason of changed conditions or new facts developed subsequent to registration. A refund for part of a year, however, will not be granted.

#### § 122.04 Notification of changes in information furnished by registrants.

Registered persons shall notify the Secretary of State of significant changes in the information set forth in their applications for registration, such as the establishment of a foreign affiliate.

#### § 122.05 Maintenance of records by persons required to register as manufacturers, importers or exporters of U.S. Munitions List articles.

(a) Persons required to register shall maintain for a period of 6 years, subject to the inspection of the Secretary of State or any person designated by him, records bearing on U.S. Munitions List articles, including records concerning the acquisition and disposition of such articles by the registrant. The Secretary may prescribe a longer or shorter period in individual cases as he deems necessary.

(b) Officers of the Office of Security and the Office of Munitions Control of the Department of State and of the U.S. Customs Agency Service, Bureau of Customs, Treasury Department, are hereby designated as the representatives of the Secretary of State for the purposes of this section.

### PART 123—LICENSING CONTROLS

#### LICENSE PROCEDURES

Sec.

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123.02 Export license.

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#### COUNTRY OF DESTINATION

123.21 Country of ultimate destination.

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#### SHIPMENTS BY THE UNITED STATES GOVERNMENT

123.40 Shipment by the U.S. Government.



## EXEMPTION FOR ARMS AND AMMUNITION SHIPMENTS

- Sec.  
 123.51 Obsolete small arms.  
 123.52 Arms and ammunition for personal use.  
 123.53 Arms for the personal use of members of the Armed Forces.  
 123.54 Sample shipments.  
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## MISCELLANEOUS EXEMPTIONS

- 123.60 Border shipments and shipments transiting Panama Canal.  
 123.61 Certain helium gas exports.  
 123.62 Propellants and explosives.  
 123.63 Smokeless shotgun powder.  
 123.64 Privately owned military aircraft on temporary sojourn abroad.  
 123.65 Nuclear materials.

## SPECIAL EMERGENCY PROVISIONS

- 123.70 Temporary suspension or modification of the regulations of this subchapter.

AUTHORITY: The provisions of this Part 123 issued under sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6 departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redelegation of Authority No. 104-3-A, 28 F.R. 7231.

## LICENSE PROCEDURES

§ 123.01 Application for license.<sup>1</sup>

Persons who intend to export from or import into the United States any of the articles enumerated in the U.S. Munitions List shall make application to the Office of Munitions Control, Department of State, Washington, D.C. 20520, on form DSP-5 in the case of exports and DSP-38 in the case of imports. Application for intransit license shall be made on form DSP-61. Application for license to export technical data shall also be made on form DSP-5 (see Part 125 of this chapter).

## § 123.02 Export license.

Articles on the U.S. Munitions List may not be exported from the United States until a license has been issued, or unless covered by an exemption provision of this subchapter. Prior to the issuance of an export license, the Department of State may also require documentary information pertinent to the proposed transaction.

## § 123.03 Import license.

(a) Articles on the U.S. Munitions List may not be imported into the United States until a license has been issued, or unless covered by an exemption provision of this subchapter. Prior to the issuance of an import license, the Department of State may require documentary information pertinent to the proposed transaction.

(b) No military firearms or ammunition of U.S. manufacture may be imported for sale in the United States if such articles were furnished to foreign governments under a U.S. foreign assistance program. This prohibition is appli-

cable to military firearms and ammunition furnished on a grant basis to, or for which payment in full was not made by, a foreign government under the Lend-Lease Act of 1941, as amended; the Greek-Turkish Aid Act of 1947, as amended; the China Aid Act of 1948, as amended; the Mutual Defense Assistance Act of 1949, as amended; the Mutual Security Act of 1951, as amended; the Mutual Security Act of 1954, as amended; the Foreign Assistance Act of 1961, as amended; or any other foreign assistance program of the United States.

(c) The above restriction covers firearms which are advanced in value or improved in condition in a foreign country, but it does not include those which have been so substantially transformed as to become, in effect, articles of foreign manufacture (see § 121.02).

(d) A person desiring to import military firearms and ammunition which were manufactured in the United States must certify that the importation of such firearms or ammunition is not prohibited by the provision of paragraph (b) of this section, and that none of the firearms or ammunition being imported was furnished on a grant basis to, or was acquired without full payment by, a foreign government under a foreign assistance program of the United States as set forth in paragraph (b) of this section. The certification statement must be accompanied by documentary information on the original foreign source of the material.

NOTE: For the purpose of this section, the term "military firearms and ammunition" includes all firearms and ammunition furnished under the foreign assistance programs of the United States as set forth in paragraph (b) of this section. The term "payment in full" as used in paragraph (b) of this section, means the payment of a sale price established by the U.S. Government as the full value of the property at the time of initial transfer.

## § 123.04 Intransit license.

An intransit license must be obtained prior to the entry of any article enumerated in the U.S. Munitions List into the United States for transshipment to a third country (see also § 123.60).

## § 123.05 Validity and terms of licenses.

(a) Licenses are valid for 6 months from their issuance date unless a different period of validity is stated thereon. They are not transferable.

(b) The period of validity of licenses may not be extended. If shipment cannot be completed during the period of validity of the license, another application must be submitted for license to cover the unshipped balance. Such an application shall make specific reference to the previous license and should not include any materials other than the unshipped balance.

(c) Upon request by the applicant, licenses for the exportation of technical data as defined in § 125.01 may be issued for a validity period of 1 year.

## § 123.06 License denial, revocation or suspension.

(a) Licenses may be denied, revoked, suspended, or revised by the Department

of State without prior notice whenever the Department deems such action to be advisable in furtherance of (1) world peace; (2) the security of the United States; (3) the foreign policy of the United States; or (4) whenever the Department has reason to believe section 414 of the Mutual Security Act of 1954, as amended, or any regulation contained in this subchapter has been violated.

(b) Whenever, after appropriate consideration, a license application is denied, or an outstanding license is revoked, suspended, or revised, the applicant or licensee shall be advised promptly in writing of the Department's decision, and the reasons therefor as specifically as security and foreign relations considerations permit.

(c) Upon written request made within 30 days after receipt of an adverse decision, the applicant or licensee shall be accorded an opportunity to present additional information and a full review of his case by the Department.

(d) Unused, expired, suspended, or revoked licenses must be returned immediately to the Department of State.

## § 123.07 Amendments and alterations.

No amendments or alteration of a license may be made except by the Department of State, or by collectors of customs or postmasters when specifically authorized to do so by the Department of State. No photographic or other copy may be made of an original license unless authorized by the Department of State.

## § 123.08 Ports of exit or entry.

Applications for license shall show the proposed port or ports of exit or entry in the United States. If, subsequent to the issuance of a license, shipping arrangements necessitate a change in port, the Department of State must be notified by letter of the change in port.

## § 123.09 Licenses filed with collectors of customs.

(a) Prior to exportation or importation, licenses shall be filed with the collector of customs at the port through which the shipment is being made, except for exports by mail (see § 123.10). A Shipper's Export Declaration (U.S. Department of Commerce form 7525-V) must also be filed with, and authenticated by, the collector of customs before the articles are exported. The collector of customs shall endorse each license to reflect shipments made. Licenses must be returned by the collector to the Department of State upon expiration of the validity period, or upon completion of the shipment of the articles licensed whichever first occurs.

(b) Collectors of Customs are authorized to permit the exportation or importation of articles identified on an issued license where the total value at the time of shipment does not exceed by more than ten (10) percent that stated on the license.

## § 123.10 Shipment by mail.

(a) Export licenses for U.S. Munitions List articles, except technical data (see

<sup>1</sup> The procedures governing the export of classified information or equipment are outlined in Part 125.



§§ 125.40 and 125.41), which are being transported by mail shall be filed with the postmaster at the post office where the articles are mailed. A Shipper's Export Declaration (U.S. Department of Commerce form 7525-V) must also be filed with, and authenticated by, the postmaster before the articles are exported. The postmaster shall endorse each license to reflect shipments made. Licenses must be returned by the postmaster to the Department of State upon expiration of the validity period, or upon completion of the shipment, whichever first occurs.

(b) Licenses covering imports by mail shall be filed with the collectors of customs at the port of entry.

#### § 123.11 Foreign trade zones.

A Foreign Trade Zone of the United States is considered an integral part of the United States for the purpose of this subchapter and as such, a license is not required for shipments between the United States and a Foreign Trade Zone. However, a license is required for all other shipments of U.S. Munitions List articles to and from such Foreign Trade Zones.

#### § 123.12 Export to warehouses or distribution points.

Applications for license to export U.S. Munitions List articles to warehouses or distribution points for subsequent resale will be considered by the Department. Licenses issued for such applications will normally contain conditions for special distribution controls and reporting.

#### § 123.13 Export of vessels of war.

(a) The transfer of a vessel of war as defined by § 121.12 of this subchapter from United States to foreign registry is considered an exportation for which an approval or license from the Department of State is required. If the vessel to be exported is physically located in the United States, an export license must be obtained. If the vessel is located abroad, the Department's written approval in the form of a letter must be obtained prior to its transfer of registry.

(b) The registration under a foreign flag of an undocumented vessel of war located in the United States is considered an exportation for which a license is required from the Department of State.

NOTE: Such transactions also require the prior approval of the Maritime Administration (see 46 U.S.C. 808 and 835).

#### § 123.14 Repairs or alterations of vessels and aircraft.

Persons effecting repairs or alterations on foreign vessels of war as defined in § 121.12, and foreign aircraft as defined in § 121.13, in the United States shall obtain an export license for articles enumerated in the U.S. Munitions List which are required in connection with such repairs or alterations. The entry of such a vessel or aircraft into the United States for the purpose of repairs or alterations is considered an importation for which an import license from the Department of State is required. The exit of such a

vessel or aircraft likewise requires an export license from the Department of State.

#### COUNTRY OF DESTINATION

##### § 123.21 Country of ultimate destination.

(a) The country designated on an application for export license as the country of ultimate destination must be the country wherein the articles being exported ultimately are to receive end use, even though incorporated through an intermediate process into other end items.

(b) The prior written approval of the Department of State must be obtained before U.S. Munitions List articles previously exported from this country under license may be resold, diverted, transferred, transshipped, reshipped, or re-exported to, or used in any country other than that described on the export license as the country of ultimate destination.

(c) The following statement shall be entered on the shipper's export declaration, the bill of lading and the invoice, whenever U.S. Munitions List articles are to be exported: "These commodities are licensed by the U.S. Government for export to -----

(Country of ultimate destination)

Diversion contrary to U.S. law prohibited." The U.S. exporter shall have the responsibility of entering such a statement. This responsibility continues even when the exporter acts through a freight forwarder or other forwarding agent.

##### § 123.22 Shipments to or from certain countries.

The policy of the Department of State is to deny license applications for U.S. Munitions List Articles destined for or originating in Albania, Bulgaria, Communist China, Cuba, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Lithuania, North Korea, Outer Mongolia, Poland, Rumania, Union of Soviet Socialist Republics, any of the area of Viet-Nam which is under de facto Communist control, or any other area which is from time to time determined by the Department of State to be under Communist control. The exemptions provided by this part do not apply to shipments destined for or originating in any of the foregoing countries or areas.

##### § 123.23 Canadian shipments.

Collectors of custom may release shipments of arms, ammunition, and implements of war which do not bear a military security classification to or from Canada without a license with the following exceptions:

(a) Intransit shipments through the United States to or from Canada or intransit shipments through Canada to or from the United States.

(b) No military firearms or ammunition of U.S. manufacture may be imported for sale in the United States except in compliance with § 123.03.

(c) The following articles require a license for export to Canada:

(1) Helium gas as defined in Category XV;

(2) Nuclear Weapons Design and Test Equipment as defined in Category XVI;

(3) Naval nuclear propulsion items as defined in Category VI(e); and

(4) Nuclear weapons strategic delivery systems and all specifically designed components, parts, accessories, attachments, and associated equipment therefor (see § 125.32).

(d) The following articles require a license for import from Canada:

(1) Firearms as defined in Category I except firearms of Canadian manufacture; and

(2) Ammunition for firearms in Category I (a) and (b) except ammunition of Canadian manufacture.

##### § 123.24 U.S. possessions and the Canal Zone.

Export and import licensing controls do not apply to shipments between the United States, U.S. possessions, and the Canal Zone. Licenses are required, however, for shipments between such areas and foreign countries.

##### § 123.25 Domestic aircraft shipments via foreign ports.

A written statement must be filed by the pilot with the collector of customs at the port of exit for airborne shipments of arms, ammunition, and implements of war being transported from a port in the United States to another U.S. port via a foreign country other than Canada. The original of the statement shall be filed with the collector at the port of exit and a duplicate thereof filed with the collector at the port of reentry, for endorsement by him and transmission to the collector at the port of exit. The content of the statement shall be as follows:

#### STATEMENT

##### DOMESTIC SHIPMENTS VIA FOREIGN PORTS OF ARTICLES ON U.S. MUNITIONS LIST

The undersigned certifies that the articles listed below are being shipped from ----- via -----  
(U.S. port of exit) (Foreign port)  
and that the final destination is -----  
(U.S. port of entry)

| Amount | Description of article | Value |
|--------|------------------------|-------|
| -----  | -----                  | ----- |

Signed: -----

Endorsement: Customs Inspector.

Port of exit ----- Date: -----

Endorsement: Customs Inspector.

Port of entry ----- Date: -----

##### § 123.26 Import certificate/delivery verification procedure.

(IC/DV) General. The United States and a number of foreign countries have agreed on a procedure designed to assure that certain articles imported into their territories will not be diverted, transshipped, or reexported to another destination except in accordance with export control regulations of the importing

<sup>2</sup> The exemption from import licensing requirements for Canadian manufactured Category I firearms does not apply to firearms which include any of the following major components of non-Canadian manufacture: Barrels, cylinders, receivers (frames), or complete breech mechanisms.



country. The procedure covered by such agreement is known as the Import Certificate/Delivery Verification Procedure (IC/DV) and may be invoked with respect to articles on the U.S. Munitions List.

(a) *Exports.* As a supplement to normal control procedures, the Department may utilize the IC/DV procedure on proposed exports of Munitions List articles to nongovernment entities in the following countries: Austria, Belgium, Denmark, France, Federal Republic of Germany, Greece, Hong Kong, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Turkey, and the United Kingdom. In each case in which the Department invokes the IC/DV procedure, U.S. exporters will be required to submit, in addition to an export license application (a completed form DSP-5), the original Import Certificate authenticated by the government of the importing country. This document will serve as evidence that the foreign importer has complied with the import regulations of the government of the importing country and that he has declared his intentions not to divert, transship or reexport the material described therein without prior approval of that government. After delivery of the articles to the foreign consignee, the Department may also require U.S. exporters to furnish documentation (Delivery Verification) from the government of the importing country attesting to the delivery in accordance with the terms of the approved export license. Both the Import Certificate and the Delivery Verification will be obtained and furnished to the U.S. exporter by the foreign importer.

(b) *Imports.* Participating foreign governments may also invoke the IC/DV procedure on Munitions List articles imported into the United States. In each case in which a foreign government invokes the IC/DV procedure, the Department will certify for the U.S. importer a "Declaration of Destination on Foreign Exports of Munitions List Items" (completed form DSP-53). Normally, the U.S. importer will submit this form to the Department at the time he applies for an import license. This document (the Department's equivalent of the "Import Certificate" cited above), will serve as evidence to the government of the exporting country that the U.S. importer has complied with import regulations of the U.S. Government and is prohibited from diverting, transshipping, or reexporting the material described therein without the approval of the U.S. Government. Foreign governments may also require documentation attesting to the delivery of the material into the United States. When such delivery certification is requested by a foreign government, the U.S. importer may obtain directly from the U.S. collector of customs the authenticated Delivery Verification (form FC-908/DSP-68) for this purpose.

(c) *Triangular transaction.* When a transaction involves three or more countries, internationally participating governments may stamp a triangular symbol

on the "Import Certificate." This symbol is usually placed on the "Import Certificate" when the applicant for the "Import Certificate" (the importer) has stated either (1) he is uncertain whether the items covered by the "Import Certificate" will be imported into the country issuing the "Import Certificate;" (2) that he knows that the items will not be imported into the country issuing the "Import Certificate;" or (3) that, if the items are to be imported into the country issuing the "Import Certificate," they will subsequently be reexported to another destination. Consequently, it is possible that the ultimate consignee and the country of ultimate destination will not coincide with that of the importer. All parties, including the ultimate consignee in the true country of ultimate destination will be shown on the completed form DSP-53. When a U.S. importer is a principal to a triangular transaction involving articles on the U.S. Munitions List, he may receive a triangular symbol on the completed form DSP-53.

#### SHIPMENTS BY THE U.S. GOVERNMENT

##### § 123.40 Shipment by the U.S. Government.

The exportation or importation of arms, ammunition, and implements of war by the U.S. Government is not subject to the provisions of section 414 of the Mutual Security Act of 1954, as amended. A license to import and export such articles is not required, therefore, when all aspects of the transaction are handled by a U.S. Government agency. A license is required, however, when a private individual or firm or forwarding agent is involved in any aspect of the transaction unless the consignor, consignee, and intermediate consignee (if any) are agencies of the U.S. Government and the exportation or importation is covered by a U.S. Government Bill of Lading. This section does not authorize any government agency to export or import any items listed in § 121.01 which are subject to restrictions by reason of other statutory provisions.

#### EXEMPTIONS FOR ARMS AND AMMUNITION SHIPMENTS

##### § 123.51 Obsolete small arms.

Subject to the provisions of § 123.03 (b), collectors of customs are authorized to permit the importation or exportation, without a license, of firearms covered by Category I(a) of the U.S. Munitions List, which were manufactured prior to 1898, on presentation of satisfactory evidence of age.

##### § 123.52 Arms and ammunition for personal use.

(a) Subject to the provisions of §§ 123.22 and 123.23, Collectors of Customs are authorized to permit, after declaration by the individual and inspection by a customs officer, not more than three nonautomatic firearms and not more than 1,000 cartridges therefor, to enter the United States or depart therefrom without a license, when these firearms are on the person of an individual

or with his baggage or effects, whether accompanied or unaccompanied, and are intended exclusively for his personal use for sporting or scientific purposes or for personal protection and not for resale. This exemption shall extend to not more than three tear gas guns or other type hand dispensers and not more than 100 gas cartridges therefor. The foregoing exemption is not applicable to crewmembers of vessels or aircraft.

(b) Subject to the provisions of §§ 123.22 and 123.23, collectors of customs are authorized to permit the exportation, without a license, of ammunition for firearms, provided the quantity does not exceed 1,000 rounds in any shipment and the ammunition is for the personal use of the consignee and not for resale. A license is required, however, for exportation to Bahrain, Kuwait, Qatar, the Trucial States, Muscat, Oman, and the Republic of South Africa.

##### § 123.53 Arms for the personal use of members of the Armed Forces.

(a) Collectors of customs are authorized to permit members of the U.S. Armed Forces or U.S. civilian personnel employed by those forces to ship or bring into the United States, without license, nonautomatic firearms and ammunition therefor, upon presentation of written authorization from their commanding officer, which authorization shall include a certification that such firearms are bona fide war trophies or war souvenirs.

(b) Collectors of customs are authorized to permit Category I(a) firearms and parts for such weapons to leave the United States without a license, provided they are consigned to servicemen's clubs overseas or to individual members of the Armed Forces of the United States, and are accompanied by a written authorization from the commanding officer.

##### § 123.54 Sample shipments.

Collectors of customs are authorized to permit up to an inclusive total of three rifles, carbines (excluding automatic and semiautomatic models), revolvers and pistols to be exported or imported without a license, providing the articles being shipped are not for sale and will be returned to the same exporter or importer. Collectors of customs may also permit the exportation and importation of such sample weapons, without a license, when they are being returned to their owner.

##### § 123.55 Minor components.

Collectors of Customs are authorized to permit the importation or exportation without a license of shipments of components and parts for Category I(a) firearms, except barrels, cylinders, receivers (frames) or complete breech mechanisms, when the total value does not exceed \$100 in any single transaction.

#### MISCELLANEOUS EXEMPTIONS

##### § 123.60 Border shipments and shipments transiting Panama Canal.

Shipments originating in Canada or Mexico which incidentally transit the United States en route to a delivery point in the country of origin are exempt from the requirement of an intransit license.



Vessels transiting the Panama Canal without off-loading cargo are exempt from the requirement of an intratransit license.

**§ 123.61 Certain helium gas exports.**

Subject to the provisions of § 123.22, collectors of customs are authorized to permit the exportation or importation, without a license, of miniature cylinders containing helium gas in fractional cubic foot quantities mixed with other gases, provided that the gas is intended for medical use and shipment does not exceed 10 cubic feet of "contained helium" to any consignee.

**§ 123.62 Propellants and explosives.**

Subject to the provisions of § 123.22, collectors of customs are authorized to permit the exportation, without a license, of propellants and explosives for non-explosive uses such as medical uses and laboratory tests. Such shipments must be clearly marked as to content, include no materials classified from a military security point of view, and weigh no more than 25 pounds.

**§ 123.63 Smokeless shotgun powder.**

Collectors of customs are authorized to permit the importation of smokeless shotgun powder without a license (see Category V of the U.S. Munitions List).

**§ 123.64 Privately owned military aircraft on temporary sojourn abroad.**

(a) A certificate of temporary sojourn may be issued by the Department in appropriate instances in lieu of an export license to authorize the departure of privately owned military aircraft from the United States for a temporary sojourn abroad not to exceed 6 months' duration. The Department may require documentary evidence pertinent to the aircraft or proposed sojourn before issuance of a certificate of temporary sojourn.

(b) Private owners of military aircraft to be flown or shipped from the United States under the provisions of paragraph (a) of this section shall complete and submit a request for a certificate of temporary sojourn, form DSP-73, in triplicate to the Department for its approval.

(c) An original and duplicate copy of the certificate of temporary sojourn issued by the Department must be presented to the collector of customs at the port of departure. The certificate is for endorsement by the collector provided he finds no discrepancy in the statements made therein. The endorsed certificate shall be returned to the pilot and carried on the aircraft as evidence that the required permission has been granted and the duplicate retained by the collector for his records pending the completion of the temporary sojourn. The pilot or operator is required to depart from the United States at an airport where a customs officer is available for outward endorsement on the certificate. The outward clearance cannot be obtained by telephone or other informal means.

(d) Upon completion of the temporary sojourn, the certification shall be surrendered to the collector of customs at the port of entry. If the ports of entry

and departure differ, the customs officer shall forward the surrendered certificate, properly endorsed, to the customs authorities at the original port of departure. The completed certificate must be returned to the Department.

(e) The Department may permit a privately owned military aircraft to make a series of flights to and from the United States under a certificate of temporary sojourn not to exceed 6 months' duration. Full details of the proposed flights must be given.

(f) The dates of actual departure and entry shall be noted on the reverse side of the certificate and endorsed by appropriate customs officials. No action is to be taken on the copy of the certificate which is returned to the original port of exit until the pilot's copy of the certificate is taken up by the customs officer upon his last entry into the United States prior to the expiration of the authorized period.

(g) Requests for extension of a certificate of temporary sojourn must be submitted to the Department of State on a new application form (DSP-73) reflecting the original port of departure.

**§ 123.65 Nuclear materials.**

To the extent that articles or technical data, the export of which is controlled by the Atomic Energy Commission under the Atomic Energy Act of 1954, as amended, are coextensive with articles or technical data in Category VI(e), Category XVI, and Category XVIII, this subchapter shall not apply.

**SPECIAL EMERGENCY PROVISIONS**

**§ 123.70 Temporary suspension or modification of the regulations of this subchapter.**

The Director, Office of Munitions Control, Department of State, is authorized to order the temporary suspension or modification of any or all of the regulations of this subchapter in the interest of furthering the objectives of world peace and the security and foreign policy of the United States.

**PART 124—LICENSE AND TECHNICAL ASSISTANCE AGREEMENTS**

Sec.

124.01 Manufacturing license agreements.

124.02 Technical assistance agreements.

124.03 Exportation of technical data in furtherance of an agreement.

124.04 Required information in agreements.

**AUTHORITY:** The provisions of this Part 124 issued under sec. 414, as amended, 68 Stat. 848, 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redlegation of Authority No. 104-3-A, 7231.

**§ 124.01 Manufacturing license agreements.<sup>1</sup>**

Agreements between persons or companies in the United States and foreign

<sup>1</sup> Agreements should be submitted to the Department of State under cover of a letter and not on Export Application Form DSP-5. The letter of transmittal should set forth detailed information concerning the agreement, including all the information required by § 124.04 which is not otherwise required to be included in the agreement.

persons, or entities, private or governmental, for the manufacture abroad of articles designated as arms, ammunition, and implements of war, are required to be submitted to the Department of State before the effective date of the agreement for approval from the standpoint of U.S. foreign policy and military security.

**§ 124.02 Technical assistance agreements.<sup>1</sup>**

Agreements entered into between persons or companies in the United States and foreign persons or entities, private or governmental, for the furnishing of technical assistance and technical information relating to articles designated as arms, ammunition, and implements of war are required to be submitted to the Department of State before the effective date of the agreement for approval from the standpoint of U.S. foreign policy and military security.

**§ 124.03 Exportation of technical data in furtherance of an agreement.**

(a) Collectors of Customs or postal authorities may permit the exportation without a license of unclassified technical data in furtherance of a manufacturing license or technical assistance agreement covering U.S. Munitions List items which has been approved in writing by the Department of State unless the data exceeds the technical and/or product limitations approved in the agreement. The U.S. principal to the agreement shall be responsible for certifying that the exempted data is within the limitations of this paragraph, and for seeking Department of State approval for the exportation of any data which exceeds such limitations.

(b) The exportation of classified information in furtherance of an approved manufacturing license or technical assistance agreement which provides for the conveyance of classified information does not require further Department of State approval provided:

(1) The U.S. principal certifies to the Department of Defense transmittal authority that the data does not exceed the technical and/or product limitations in the agreement approved by the Department of State, and

(2) The U.S. principal meets requirements of the Department of Defense Industrial Security Manual relating to the transmission of such classified information and any other requirements of cognizant U.S. departments or agencies.

**§ 124.04 Required information in agreements.**

(a) Manufacturing license or technical assistance agreements should define in precise terms the following:

(1) The equipment and technology involved as described by military nomenclature, contract number, Federal stock number, nameplate data, or other specific information;

(2) The detail scope of the information to be furnished;



(3) The period of duration of the agreement;

(4) Identification of the countries or areas in which manufacturing, production, or processing, sale or other form of transfer is licensed.

(5) A statement to the effect that the article to be produced under license or otherwise, or the technical data, or the direct product thereof, is not authorized to be directly or indirectly sold, leased, re-leased, assigned, transferred, conveyed, or in any manner disposed of in or to any country or area enumerated in § 123.22.

(6) A statement to the effect that the agreement is subject to all applicable United States laws and regulations.

(b) Manufacturing license or technical assistance agreements should be accompanied by the following:

(1) Statement of ownership of equipment and special tools involved (especially U.S. Government-owned) which would be utilized or made available in connection with the agreement.

(2) A statement identifying any United States Government contract under which the equipment or technical data was produced or developed, and if the equipment or technical data involved is of advanced design, process, or technique, the statement should indicate whether it was derived from any bid or other proposal to the United States Government.

(3) If only unclassified equipment or technical data is involved, it shall be so indicated. If classified information is involved, the highest degree of security classification shall be specified.

(c) U.S. parties to an approved agreement shall furnish the Department of State with a copy of the agreement as finally concluded in the event any changes have been required as a condition of approval and shall advise the Department of State of the termination prior to expiration of an approved agreement, including information as to the continuation of any license rights or flow of technical data to licensees.

(d) (1) It is the policy of the U.S. Government not to pay or allow to be paid in connection with purchases made with Military Assistance Program or other U.S. Government funds, a charge for patent rights in which it holds a royalty-free license, or for technical data which it has a right to use and disclose to others for purposes of the Military Assistance or other U.S. Government Program or which are in the public domain, or with respect to which it has been placed in possession without restriction upon their use and disclosure to others. Reasonable charges for reproduction, handling, mailing, and other similar administrative costs do not fall within this policy.

(2) Pursuant to the above policy (subparagraph (1) of this paragraph), all agreements shall reflect the following provisions: (i) purchases of items by or for the U.S. Government, or with funds derived through the Military Assistance or other U.S. Government Programs, will not include a charge (a) for technical data in the possession of the U.S. Government, or in which the U.S. Govern-

ment has a right to possession, and regarding which there is no prohibition against use by the U.S. Government and disclosure to others and (b) for royalties or amortization for patents or inventions in which the U.S. Government holds a royalty free license; and (ii) the license rights transferred by the agreement are subject to existing rights of the U.S. Government.

(e) No liability shall be incurred by or attributed to the U.S. Government by reason of this approval requirement in connection with any possible infringements of privately owned patent or proprietary rights, either domestic or foreign. The applicant shall acknowledge this provision of the regulations either by its inclusion in the agreement or by letter over the signature of an appropriate officer of the company.

**NOTE:** Proposed manufacturing licenses or technical assistance agreements for the production in a foreign country of any item on the U.S. Munitions List, and particularly for the production of such items developed under a Government contract, are subject to technical and security review by the Department of Defense. When this is necessary, the Department will assign a case number to the draft agreement and will inform the U.S. firm of that number and of the date of referral of the case to the Department of Defense. This is to enable the firm to confer, if it so desires, with cognizant military officials on technical and security requirements of the agreements. After the Department of Defense has submitted its recommendations to the Department of State on the proposed agreement, the Department of State will take final action on the case.

## PART 125—TECHNICAL DATA

|                           |   |
|---------------------------|---|
| Sec.                      |   |
| 125.01                    | Technical data.                             |
| 125.02                    | Exportation of technical data.              |
| 125.03                    | Classified information.                     |
| 125.11                    | Exportation of unclassified technical data. |
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| 125.20                    | Government agency shipments.                |
| TECHNICAL DATA EXEMPTIONS |   |
| 125.30                    | General exemptions.                         |
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### MAILING AND SHIPPING PROCEDURES

|        |                                |
|--------|--------------------------------|
| 125.40 | Certification requirements.    |
| 125.41 | Clearance of exports.          |
| 125.42 | Sino-Soviet bloc destinations. |

**AUTHORITY:** The provisions of this Part 125 issued under sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10409; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redelegation of Authority No. 104-3-A, 28 F.R. 7231.

### § 125.01 Technical data.

As used in this subchapter the term "technical data" means:

(a) Information concerning an article on the U.S. Munitions List which enables its use, operation, maintenance, repair, overhaul, production, or manufacture, or

(b) Research, development, and engineering technology concerning an article on the U.S. Munitions List, or

(c) Any technology which advances the state-of-the-art or establishes a new art in an area of significant military applicability,<sup>1</sup> or,

(d) Information as defined in § 125.03 (b).

### § 125.02 Exportation of technical data.

The export controls established under the provisions of section 414 of the Mutual Security Act of 1954, as amended, relating to technical data cover (a) the exportation of unclassified technical data on articles designated as arms, ammunition, and implements of war, and (b) the exportation of classified information as defined in § 125.03(b). These controls are applicable whether such information is to be exported by oral, visual, or documentary means. Therefore, an exportation is effected whenever technical data is, inter alia, mailed or shipped outside the United States, carried by hand outside the United States, disclosed through foreign visits by American personnel (including participation in briefings or symposia), disclosed to foreign nationals in the United States (including plant visits and participating in briefings or symposia). (See § 125.30 for exemptions.)

### § 125.03 Classified information.

Classified information is either (a) equipment, or (b) information relating to a U.S. Munitions List article, which has been assigned a United States security classification as requiring protection in the interest of national defense.

### § 125.11 Exportation of unclassified technical data.

(a) A license issued by the Department of State is required for the exportation of unclassified technical data relating to arms, ammunition, and implements of war, unless the exportation falls within the exemption provisions of these regulations (see § 125.30). The application for license must be submitted on the prescribed form (DSP-5), complete in all details so as to afford adequate identification of data or material, together with five (5) copies of the technical data.

(b) A license issued by the Department of State is required for the exportation of unclassified technical data relating to arms, ammunition, and implements of war, which are included in any applications for a foreign patent. This licensing requirement is in addition to the license for foreign filing, which must be obtained by an exporter from the Patent Office during the first 6 months of the pendency of a patent application. After 6 months, only a Department of State license is required. If the patent application is covered by a secrecy order, all questions relating thereto should be addressed to the Patent Office. (See § 125.30.)

(c) A license issued by the Department of State is required for the exportation of unclassified technical data to be disclosed to foreign nationals either in connection with visits to foreign countries by Ameri-

<sup>1</sup> The initial burden of determining whether the technology in question advances the state-of-the-art or establishes a new art is upon the U.S. principal or applicant.



can personnel, or in connection with visits to the United States by foreign personnel. (See § 125.30.)

**§ 125.12 Exportation of classified information.**

(a) Any request for authority to export classified information by other than the cognizant department or agency of the U.S. Government must first be submitted to the Department of State for approval.<sup>2</sup> In the event classified information is involved in a proposed exportation, a letter must be submitted to the Department of State setting forth the full details of the proposed transaction, accompanied by five (5) copies of any documentary information. The letter to the Department of State should indicate:

(1) The highest degree of security classification of the equipment or information involved;

(2) the cognizant project or contracting agency; and

(3) if the equipment or information was not directly contracted for, whether it was derived from U.S. Government sources, project development, bid requirements, or contractual arrangements.

(b) Classified information, as defined in § 125.03, which is approved for export by the Department of State, may only be transferred or communicated in accordance with the requirements of the Department of Defense Industrial Security Manual relating to the transmission of such information and any other requirements of cognizant U.S. departments or agencies.

(c) The approval of the Department of State is required for the exportation of classified information to be disclosed to foreign nationals either in connection with visits to foreign countries by American personnel, or in connection with visits to the United States by foreign personnel. (See § 125.30(b)(2).)

**§ 125.20 Government agency shipments.**

The exportation of technical data by the U.S. Government is not subject to the provisions of section 414 of the Mutual Security Act of 1954, as amended. A license to export technical data is not required, therefore, when all aspects of the transaction are handled by a U.S. Government agency. This exemption has no application to the situation where a U.S. Government agency on behalf of a private individual or firm, acts as a transmittal agent either as a convenience, or in satisfaction of security requirements.

**TECHNICAL DATA EXEMPTIONS**

**§ 125.30 General exemptions.**

(a) Collectors of Customs or postal authorities may permit the exportation without a license of unclassified technical data as follows:

(1) If it is in published form and subject to public dissemination by being:

- (i) Sold at newsstands and bookstores;
- (ii) Available by subscription or purchase without restrictions to any person or available without cost to any person;
- (iii) Granted second class mailing privileges by the U.S. Government;
- (iv) Freely available at public libraries.<sup>3</sup>

(2) If it has been approved for public release by any department or agency having authority for the classification of information or material under Executive Order 10501, as amended, and has in fact been publicly disseminated or presented at a symposium authorized for attendance by the public.

(3) If the exportation is in furtherance of an approved manufacturing license or technical assistance agreement in accordance with § 124.03(a).

(4) If it is being exported in furtherance of a contract with an agency of the U.S. Government or a contract between an agency of the U.S. Government and a foreign manufacturer or other foreign entity, provided the contract calls for transmission of relevant technical data.

(5) If it relates to firearms not in excess of caliber .50 and ammunition for such weapons, except unclassified technical data containing advanced designs, processes, and manufacturing techniques.

(6) If it consists of technical data, other than design, development, or production information, relating to equipment, the exportation of which has been previously authorized to the same destination.<sup>4</sup>

(7) If it consists of operations, maintenance, and training manuals, and aids, relating to equipment, the exportation of which has been authorized to the same destination.<sup>4</sup>

(8) If it consists of additional copies of technical data previously approved for exportation to the same destination.

(9) If it consists solely of technical data being retransmitted to destinations from which it was originally imported.

(10) If it is being exported in direct support of, and within the technical and/or product limitations of, a "U.S. Government approved project" and the exporter so certifies. The Office of Munitions Control will verify, upon request, those projects which are "U.S. Government approved" and accord an exemption where appropriate under this subparagraph.<sup>5</sup>

<sup>3</sup> The burden for obtaining appropriate U.S. Government approval for the publication of technical data falling within the definition in § 125.01, including such data as is developed under other than U.S. Government contract, is on the person or company seeking publication.

<sup>4</sup> Not applicable to technical data relating to Category VI(e) and Category XVI.

<sup>5</sup> Classified information may also be transmitted in direct support of and within the technical and/or product limitations of such verified "U.S. Government approved projects" without prior Office of Munitions Control approval provided the U.S. principal so certifies and meets the requirements of the Department of Defense Industrial Security Manual relating to the transmission of such classified information and any other requirements of cognizant U.S. departments or agencies.

(11) If it is being exported solely for the use of American citizen employees of U.S. firms provided the U.S. firm certifies its overseas employee as a qualified recipient.<sup>6</sup>

(b) Plant Visits.<sup>7</sup>

(1) No license is required for the release of unclassified technical data in the course of plant visits by foreign nationals provided:

(i) The data is directly concerned with the subject matter of a classified plant visit approved by the Department of Defense or other cognizant department or agency;

(ii) The data is to be disclosed by oral or visual means during, and is directly concerned with the subject matter of, an unclassified plant visit arranged under U.S. Government auspices; or

(iii) The documentary data is a verbatim presentation of the oral and visual data disclosed under (ii) of this subparagraph.

(2) The arrangement of an unclassified plant visit or the approval of a classified plant visit by the Department of Defense or other cognizant department or agency shall include appropriate Department of State approval for the release of any technical data beyond that exempted by (1) above which is to be disclosed to foreign nationals. (See §§ 125.40 and 125.42.)

**§ 125.31 Importation of technical data.**

A license is not required for the importation of technical data.

**§ 125.32 Canadian shipments.**

Collectors of customs or postal authorities may permit unclassified technical data to be exported to Canada without presentation of an export license, except such technical data as relates to the items enumerated in § 123.23 (c) (2), (3), and (4).

**MAILING AND SHIPPING PROCEDURES**

**§ 125.40 Certification requirements.**

If the exporter wishes to claim the benefit of an exemption from the requirement of an individual license in accordance with the provisions of § 125.30, he is required to certify that the proposed exportation is covered by one of the provisions of that section. He shall so certify by marking the package or letter "22 CFR 125.30 \* \* \* applicable," identifying the specific subsection or subsections under which the exemption is claimed.

<sup>6</sup> Classified information may also be exported to such certified American citizen employees without prior Office of Munitions Control approval provided the U.S. principal meets the requirements of the Department of Defense Industrial Security Manual relating to the transmission of such classified information and any other requirements of cognizant U.S. departments or agencies. Such technical data or information (classified or unclassified) shall not be released by oral, visual, or documentary means to any foreign national or foreign entity.

<sup>7</sup> Nationals of the countries or areas enumerated in § 125.42 are not included in this exemption.

<sup>2</sup> See however § 125.30(b)(2) concerning plant visits.



**§ 125.41 Clearance of exports.**

Licenses covering nonexempt technical data exports must be presented to the appropriate collector of customs or postal authority when shipment is made.

**§ 125.42 Sino-Soviet bloc destinations.**

The policy of the Department of State is to deny export license applications for technical data destined for Albania, Bulgaria, Communist China, Cuba, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Lithuania, North Korea, Outer Mongolia, Poland, Rumania, Union of Soviet Socialist Republics, any of the area of Viet-Nam which is under de facto Communist control, or any other area which is from time to time determined by the Department of State to be under Communist control. The exemptions provided by this part, except by § 125.30(a) (1) and (2), do not apply to the foregoing destinations.

### PART 126—VIOLATIONS AND PENALTIES

|        |   |
|--------|---|
| Sec.   |   |
| 126.01 | Violations in general.                      |
| 126.02 | Misrepresentation and concealment of facts. |
| 126.03 | Penalties for violations.                   |
| 126.04 | Authority of collectors of customs.         |
| 126.05 | Seizure.                                    |

**AUTHORITY:** The provisions of this Part 126 issued under sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redlegation of Authority No. 104-3-A, 28 F.R. 7231.

**§ 126.01 Violations in general.**

It shall be unlawful for any person to export or attempt to export from the United States any of those articles designated by the U.S. Munitions List or to import or attempt to import such articles into the United States without first having obtained a license therefor, unless written approval was obtained from the Department of State or an exemption from this requirement is authorized by this subchapter.

**§ 126.02 Misrepresentation and concealment of facts.**

(a) It shall be unlawful willfully to use, or attempt to use, for the purpose of exportation or importation of U.S. Munitions List articles, any export or import control document which contains a false statement or misrepresents or conceals a material fact. Any such false state-

ment, misrepresentation or concealment of material fact in such a document shall be considered, as made in a matter within the jurisdiction of a department or agency of the United States, in violation of section 1001 of Title 18, United States Code and section 414 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1934).

(b) For the purpose of this section, the term export or import control document shall include the following when used for the purpose of exportation or importation, or attempted importation or exportation of U.S. Munitions List articles:

- (1) Applications for import, export, or intransit license and supporting documents.
- (2) Shipper's export declarations.
- (3) Invoices.
- (4) Declarations of destination.
- (5) Delivery verifications.
- (6) Applications for certificate of temporary sojourn.
- (7) Applications for registration.
- (8) Purchase orders.
- (9) Foreign import certificates.
- (10) Bills-of-lading.
- (11) Air way bills.

**§ 126.03 Penalties for violations.**

Any person who willfully violates any provision of section 414 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1934), or any rule or regulation issued under that section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall, upon conviction, be fined not more than \$25,000, or imprisoned not more than 2 years, or both.

**§ 126.04 Authority of collectors of customs.**

(a) Collectors of customs are authorized to take appropriate action to insure observance of this subchapter as to the importation or exportation, or the attempted importation or exportation, of arms, ammunition, and implements of war, whether or not authorized by licenses or written approval issued under this subchapter, including, but not limited to, inspection of loading or unloading of carriers.

(b) Upon the presentation of a license or written approval to a collector of customs, authorizing the exportation or importation of arms, ammunition, and im-

plements of war, the collector may require, in addition to such documents as may be required by customs regulations, the production of other relevant documents and information relating to the proposed exportation or importation, including, but not limited to, invoices, orders, packing lists, shipping documents, correspondence, and instructions.

**§ 126.05 Seizure.**

Whenever an attempt is made to import, or bring into the United States, or to export, or ship from or take out of the United States, any arms, ammunition, implements of war, and technical data relating thereto in violation of law, the several collectors of customs, or officials of such other United States agencies as may be authorized to perform law enforcement functions, may seize and detain any such arms, ammunition, and implements of war, and the vessel, vehicle or aircraft containing the same, and retain possession thereof until released or disposed of as directed by law.

### PART 127—ADMINISTRATIVE PROCEDURES

**§ 127.01 Exclusion of functions under section 414 of the Mutual Security Act of 1954, as amended.**

The functions conferred by section 414 of the Mutual Security Act of 1954, as amended, are excluded from the operation of the Administrative Procedures Act (60 Stat. 237), as contemplated by sections 1003 and 1004 thereof.

(Sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 F.R. 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 F.R. 10608, as amended, 27 F.R. 9925, 28 F.R. 7231; and Redlegation of Authority No. 104-3-A, 28 F.R. 7231)

**NOTE:** The recordkeeping and reporting requirements contained herein have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

The provisions of section 4 of the Administrative Procedure Act (60 Stat. 283; 5 U.S.C. 1003) relative to notice of proposed rule making are inapplicable to this order because the regulations contained therein involve foreign affairs functions of the United States.

Dated: November 28, 1966.

DEAN RUSK,  
Secretary of State.

[F.R. Doc. 66-12981; Filed, Dec. 1, 1966; 8:46 a.m.]



ORIGINAL

| UNITED STATES OF AMERICA<br>DEPARTMENT OF STATE<br>APPLICATION FOR LICENSE TO IMPORT ARMS,<br>AMMUNITION, AND IMPLEMENTS OF WAR<br>(Application must be submitted in triplicate to Department of State, Washington, D. C.)  |                     |  | License is hereby granted applicant to<br>import from the source indicated the des-<br>cribed commodity in the quantity given.<br>DATE _____ LICENSE NO. _____ |
|---|---------------------|--|--|
| DATE _____  | PORT OF ENTRY _____ | COUNTRY FROM WHICH IMPORTED _____  | LICENSE VALID FOR SIX MONTHS<br>FROM ABOVE DATE<br>For the Secretary of State<br><br>By _____  |
| The undersigned hereby applies for license to import the commodity described below and warrants the truth of all statements and answers herein made. Note penalties provision Section 75.181 of Regulations, viz, "Any person who wilfully.....in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated there-in or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years or both". (68 Stat. 848)                            |                     |  |  |
| 1. APPLICANT'S NAME, ADDRESS & REGISTRATION NO.<br><br><br>BY _____<br>(To be signed in ink. Signer's name must also be typed or printed)   |                     | 2. STATE SPECIFIC PURPOSE FOR WHICH THE MATERIAL IS RE-<br>QUIRED AND NAME AND ADDRESS OF THE ULTIMATE CONSUMER<br>IN THE UNITED STATES                                |  |
| 3. FOREIGN CONSIGNOR'S NAME, ADDRESS & NATIONALITY  |                     | 4. FOREIGN SELLER'S NAME, ADDRESS & NATIONALITY  |  |
| 5. SOURCE OF MATERIAL TO BE IMPORTED (State name and<br>address of producer or manufacturer)  |                     | 6. FOR SPARE PARTS SHIPMENTS, INDICATE NAME, MODEL NO.<br>AND MILITARY DESIGNATION IF ANY, OF THE EQUIPMENT ON<br>WHICH USED (Such as type of aircraft or model radar) |  |
| 7. NAME AND ADDRESS OF AMERICAN CONSIGNEE   |                     | 8. AMERICAN PURCHASER'S NAME, ADDRESS & NATURE OF BUSI-<br>NESS  |  |
| 9. ARE ARMS AND AMMUNITION DESCRIBED BELOW OF UNITED STATES MANUFACTURE? IF SO, THE FOLLOWING CERTI-<br>FICATION MUST BE MADE: <u>yes/no</u><br>The undersigned certifies that none of the firearms or ammunition described below which he desires to import for sale in the United States was furnished on a grant basis to, or was acquired without full payment by, a foreign government under a foreign assistance program of the United States as set forth in Section 123.3 to Title 22, Code of Federal Regulations.<br>The certification statement must be based on corroborative evidence. Signature _____ |                     |  |  |
| 10. QUANTITY  | 11. COMMODITY       |  | 12. APPROX. NET VALUE  |
|   |                     |  |  |
|   |                     |  | TOTAL VALUE  |
| 13. LICENSE TO BE SENT TO<br><br>NAME _____<br><br>STREET _____<br><br>CITY & STATE _____   |                     |  | DEPARTMENT USE ONLY<br><br>SEAL<br><br>(Not valid without seal)  |







DUPLICATE

UNITED STATES OF AMERICA  
DEPARTMENT OF STATE  
**APPLICATION FOR LICENSE TO IMPORT ARMS,  
AMMUNITION, AND IMPLEMENTS OF WAR**

(Application must be submitted in triplicate to Department of State, Washington, D. C.)

License is hereby granted applicant to  
import from the source indicated the des-  
cribed commodity in the quantity given.

DATE

LICENSE NO.

DATE

PORT OF ENTRY

COUNTRY FROM WHICH IMPORTED

LICENSE VALID FOR SIX MONTHS  
FROM ABOVE DATE

For the Secretary of State

By

The undersigned hereby applies for license to import the commodity described below and warrants the truth of all statements and answers herein made. Note penalties provision Section 75.181 of Regulations, viz, "Any person who wilfully.....in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years or both". (68 Stat. 848)

1. APPLICANT'S NAME, ADDRESS &amp; REGISTRATION NO.

2. STATE SPECIFIC PURPOSE FOR WHICH THE MATERIAL IS RE-  
QUIRED AND NAME AND ADDRESS OF THE ULTIMATE CONSUMER  
IN THE UNITED STATES

BY \_\_\_\_\_  
(To be signed in ink. Signer's name must also be typed or printed)

3. FOREIGN CONSIGNOR'S NAME, ADDRESS &amp; NATIONALITY

4. FOREIGN SELLER'S NAME, ADDRESS &amp; NATIONALITY

5. SOURCE OF MATERIAL TO BE IMPORTED (State name and  
address of producer or manufacturer)6. FOR SPARE PARTS SHIPMENTS, INDICATE NAME, MODEL NO.  
AND MILITARY DESIGNATION IF ANY, OF THE EQUIPMENT ON  
WHICH USED (Such as type of aircraft or model radar)

7. NAME AND ADDRESS OF AMERICAN CONSIGNEE

8. AMERICAN PURCHASER'S NAME, ADDRESS & NATURE OF BUSI-  
NESS9. ARE ARMS AND AMMUNITION DESCRIBED BELOW OF UNITED STATES MANUFACTURE? IF SO, THE FOLLOWING CERTI-  
FICATION MUST BE MADE: yes/no

The undersigned certifies that none of the firearms or ammunition described below which he desires to import for sale in the United States was furnished on a grant basis to, or was acquired without full payment by, a foreign government under a foreign assistance program of the United States as set forth in Section 123.3 to Title 22, Code of Federal Regulations.

The certification statement must be based  
on corroborative evidence.

Signature \_\_\_\_\_

10. QUANTITY

11. COMMODITY

12. APPROX. NET VALUE

TOTAL VALUE

13. LICENSE TO BE SENT TO

NAME \_\_\_\_\_

STREET \_\_\_\_\_

CITY &amp; STATE \_\_\_\_\_

SEAL

(Not valid without seal)



UNITED STATES OF AMERICA  
DEPARTMENT OF STATE

License is hereby granted applicant to import from the source indicated the described commodity in the quantity given.

|      |             |
|------|-------------|
| DATE | LICENSE NO. |
|------|-------------|

LICENSE VALID FOR SIX MONTHS  
FROM ABOVE DATE  
For the Secretary of State

By

BY \_\_\_\_\_  
(To be signed in ink. Signer's name must also be typed or printed)

|   |  |
|---|--|
| 7. NAME AND ADDRESS OF AMERICAN CONSIGNEE | 8. AMERICAN PURCHASER'S NAME, ADDRESS & NATURE OF BUSINESS |
|   |  |

9. ARE ARMS AND AMMUNITION DESCRIBED BELOW OF UNITED STATES MANUFACTURE? IF SO, THE FOLLOWING CERTIFICATION MUST BE MADE: yes/no

The undersigned certifies that none of the firearms or ammunition described below which he desires to import for sale in the United States was furnished on a grant basis to, or was acquired without full payment by, a foreign government under a foreign assistance program of the United States as set forth in Section 123.3 to Title 22, Code of Federal Regulations.

The certification statement must be based on corroborative evidence.

Signature \_\_\_\_\_

[illegible]

|  |   |
|--|---|
| <b>13. LICENSE TO BE SENT TO</b><br><br>NAME _____<br><br>STREET _____<br><br>CITY & STATE _____ | SEAL<br><br><br><i>(Not valid without seal)</i> |
|--|---|







|                       |  |      |          |
|-----------------------|--|------|----------|
| 5.                    |  |      |          |
| 4.                    |  |      |          |
| 3.                    |  |      |          |
| 2.                    |  |      |          |
| 1.                    |  |      |          |
|                       |  | DATE | INITIALS |
| A                     |  |      |          |
| PROCESSING RECORD     |  |      |          |
| FORM DSP-38<br>1-2-59 |  |      |          |

# APPLICANT'S COPY

|  |               |  |
|--|---------------|--|
| <p style="text-align: center;"><b>UNITED STATES OF AMERICA</b><br/><b>DEPARTMENT OF STATE</b><br/><b>APPLICATION FOR LICENSE TO IMPORT ARMS,</b><br/><b>AMMUNITION, AND IMPLEMENTS OF WAR</b><br/><i>(Application must be submitted in triplicate to Department of State, Washington, D. C.)</i></p>   |               | <p>License is hereby granted applicant to import from the source indicated the described commodity in the quantity given.</p> <p>DATE _____ LICENSE NO. _____</p>              |
| DATE   | PORT OF ENTRY | COUNTRY FROM WHICH IMPORTED  |
| <p>The undersigned hereby applies for license to import the commodity described below and warrants the truth of all statements and answers herein made. Note penalties provision Section 75.181 of Regulations, viz, "Any person who wilfully.....in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years or both". (68 Stat. 848)</p>   |               |  |
| <p>1. APPLICANT'S NAME, ADDRESS &amp; REGISTRATION NO.</p> <p>BY _____<br/><i>(To be signed in ink. Signer's name must also be typed or printed)</i></p>   |               | <p>2. STATE SPECIFIC PURPOSE FOR WHICH THE MATERIAL IS REQUIRED AND NAME AND ADDRESS OF THE ULTIMATE CONSUMER IN THE UNITED STATES</p>   |
| <p>3. FOREIGN CONSIGNOR'S NAME, ADDRESS &amp; NATIONALITY</p>  |               | <p>4. FOREIGN SELLER'S NAME, ADDRESS &amp; NATIONALITY</p>   |
| <p>5. SOURCE OF MATERIAL TO BE IMPORTED <i>(State name and address of producer or manufacturer)</i></p>  |               | <p>6. FOR SPARE PARTS SHIPMENTS, INDICATE NAME, MODEL NO. AND MILITARY DESIGNATION IF ANY, OF THE EQUIPMENT ON WHICH USED <i>(Such as type of aircraft or model radar)</i></p> |
| <p>7. NAME AND ADDRESS OF AMERICAN CONSIGNEE</p>   |               | <p>8. AMERICAN PURCHASER'S NAME, ADDRESS &amp; NATURE OF BUSINESS</p>  |
| <p>9. ARE ARMS AND AMMUNITION DESCRIBED BELOW OF UNITED STATES MANUFACTURE? IF SO, THE FOLLOWING CERTIFICATION MUST BE MADE: <span style="float: right;">yes/no</span></p> <p>The undersigned certifies that none of the firearms or ammunition described below which he desires to import for sale in the United States was furnished on a grant basis to, or was acquired without full payment by, a foreign government under a foreign assistance program of the United States as set forth in Section 123.3 to Title 22, Code of Federal Regulations.</p> <p>The certification statement must be based on corroborative evidence. <span style="float: right;">Signature _____</span></p> |               |  |
| 10. QUANTITY   | 11. COMMODITY | 12. APPROX. NET VALUE  |
|  |               |  |
| TOTAL VALUE  |               |  |
| <p>13. LICENSE TO BE SENT TO</p> <p>NAME _____</p> <p>STREET _____</p> <p>CITY &amp; STATE _____</p>   |               | <p style="text-align: center;">SEAL</p> <p style="text-align: center;">(Not valid without seal)</p>  |



### GENERAL INSTRUCTIONS

**ALL INFORMATION CALLED FOR MUST BE FURNISHED. FAILURE TO DO THIS MAY RESULT IN DELAY IN APPROVAL OF APPLICATION OR IN ITS DISAPPROVAL.**

(a) Special attention is directed to the requirement that the country from which imported must be shown in the space provided therefor at the top of the face of the application.

(b) An application must be submitted in triplicate for each complete shipment to any one consignee. It may include more than one commodity, but may not cover shipments from more than one country.

(c) Applications should be typewritten, with the exception of signature, but will be considered if written legibly in ink. Unsigned applications will be returned. Signer's name must also be typewritten or printed.

(d) Specify under item (5) the name and address of the person or firm from whom the material is to be imported or purchased if different from the consignor and seller in items (3) and (4), and, when available, the name and address of the producer or manufacturer of the materials. The country in which the material was manufactured should be stated in any event.

(e) If shipment is being made intransit from one foreign country through the United States to another foreign country, application for license should be made on a separate form provided for intransit shipments. These forms are available from the Department of State on request.

(f) Intended end use of material covered by this application will be an important factor in determining issuance of license. In answering item (2), applicant should give such details as are necessary to show clearly the purpose for which the material to be imported is to be used.

(g) Under item (11) each commodity listed must be designated clearly and specifically, including the type, model, or make whenever applicable, to aid in exact identification of the commodities. (An exception is made with respect to miscellaneous aircraft spare parts.)

(h) A separate value must be given under item (12) for each commodity which enters into the shipment covered by the application. Values listed should represent the purchase price only of the articles imported and should not include such supplementary costs as packing, freight, etc. The total value must also be shown at the bottom of item (12).

(i) When countersigned and impressed with the seal of the Department of State, the original of this application becomes a license, valid for shipment through any port of entry in the United States. The naming of a port of entry in the space provided therefor is informative only and does not preclude shipment through a port other than the one specified. However, if shipment is to be made through any port not shown on the license, the Department of State must be notified in writing before shipment is made.

(j) Any attempt to import a commodity differing in any way from that licensed, or any alteration of a license except by a duly authorized officer of the Government, is punishable under appropriate acts of Congress. Changes in the information set forth in licenses issued under the seal of the Department of State may be made only by the Secretary of State or his designees or by collectors of customs or postmasters acting under the specific instructions of the Secretary of State or his designees.

(k) The period of validity of a license is six (6) months from the date of issue unless otherwise indicated. If shipment authorized is not completed within the stated period, the validity of the license cannot be extended. A new application must be submitted to the Department of State.

(l) The license is not transferable and is subject to revocation or suspension without notice.

(m) Import licenses must be filed with the collector of customs at the port of entry.

(n) Original licenses which are not used should be returned to the Department for cancellation.

(o) If military firearms or ammunition of U. S. manufacture are included in this application, see Section 123.3 of the Department's regulations, on International Traffic in Arms (22 C.F.R., Chapter I).

APPLICATIONS MUST BE SUBMITTED IN TRIPPLICATE TO: Office of Munitions Control  
Department of State  
Washington, D. C. 20520



September 12, 1968

Mr. George D. Newton, Jr., Co-Director,  
Weapons Task Force,  
The National Commission on the Causes and  
Prevention of Violence  
726 Jackson Place  
Washington, D. C. 20506

Dear Mr. Newton:

Please consider this letter as a form of status report concerning your original request for information from this office.

Item No. 1 concerned the collection of foreign gun laws and crime statistics. You have received replies in response to the original Department of State telegram in this matter sent by Mr. Gibson on June 10, 1968. Although you indicated to me that the replies did not provide you with sufficient information you have not requested any additional information in this area.

Your Item No. 2 requested various types of information from our Office of Munitions Control. In reply to Part A which requested the names of the major importers, you have received a List of 28 of the largest firms engaged in the importation of firearms. A review of our import licenses shows that 50 per cent of the licenses are issued to individuals which licenses comprise less than 5 per cent of the arms imported in both volume and dollar value. Additionally, we compiled and previously forwarded to you statistics for the 1967 calendar year concerning seven (7) importers on the list of 28 and, at your request, we enclose herewith copies of the import licenses issued to the International Armament Corporation of Alexandria for the same year.

You also requested statistics broken down into military and non-military items. I believe you will find the descriptions of the imported weapons provided to you are sufficiently detailed to separate the military from the civilian items. You also requested that we attempt to show why large discrepancies existed between the statistics furnished by the Office of Munitions Control on imports and the statistics furnished by Customs. Following, please find our explanation of this apparent difficulty for the years 1963 through 1967:



Please note that the figures concerning pistols and revolvers are within 1.01 per cent of each other. The difference of some 23,000 units probably is accounted for by individuals carrying fewer than three (3) pistols or revolvers back into the U.S. after a foreign trip.

There is a larger difference in the rifle category, especially during the calendar year of 1965 when almost 500,000 rifles were unaccounted for by Customs. I attach as Exhibit A a list of commodities imported against licenses issued in 1965. This list includes rifles, pistols, and revolvers and shows how the Office of Munitions arrives at its figure of 729,392 rifles for the year. I call your attention to Page 3 in which 550,482 rifles were imported from Spain during 1965, or more correctly, against licenses issued in 1965. It is obvious from the Customs figures that this large number of weapons somehow slipped through their statistical figures without being recorded. When the figure of 550,482 rifle units are added to 1,175,614 rifles listed by Customs the resultant figure of 1,726,096 imported rifles is 1.03 per cent larger than the Munitions Control figure or a difference of 57,621 units. Again, this 57,621 is probably accounted for by returning citizens importing 3 or fewer units per trip abroad without any requirement for an import license.

Please also recall I advised you that any weapon in which the barrels, cylinders, receivers (frames), and complete breech mechanism have all been manufactured in Canada do not require import licenses in any volume.

In your original request you wished me to assist you in obtaining testimony of gun manufacturers in regard to tariffs on imports. Although such information is not normally published by the Department of State, my inquiry reveals that a better source of that information would be Congressional publications.

Concerning your Item No. 4, GATT, I believe the matter has been discussed to your satisfaction at a meeting between you and your assistants and the representatives of the Legal Division of the Department.

We are still pursuing the subject of the volume and type of military firearms sold or given to foreign governments and as of this moment it appears that the best source of that information is the Office of the Director of Military Assistance, General Warren commanding. My office will contact General Warren's office to determine if such information is available there.



Mr. George D. Newton, Jr.

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Concerning the breakdown of provinces for Canada, we have requested subject information from our Embassy at Ottawa and to date have not received a reply. At your request we have expanded that requirement to various countries in South and Central America, Europe and the Near East area. As soon as replies are received the information will be forwarded to your office.

I attach a Department of Defense pamphlet entitled "Military Assistance Facts" dated March 1968. The cutout section on Page 7 is frankly not material to your inquiry and concerned a small item classified confidential concerning base rights which was erroneously included.

Sincerely yours,

Frederick S. York,  
Department of State Liaison Officer

Enclosures:

- 1) Import Licenses - InterArmCo.
- 2) Exhibit A - List of Commodities
- 3) Imported (statistics)
- 4) Military Assistance Facts



DEPARTMENT OF STATE  
UNITED STATES OF AMERICA

## APPLICATION FOR REGISTRATION

Persons engaged in the business of manufacturing or exporting or importing articles on the United States Munitions List are required to be registered pursuant to Section 414 (b) of the Mutual Security Act of 1954, as amended.

The applicant shall complete all items numbered 1 through 11 inclusive. If additional space is required, continuation sheets may be attached.

1. EXACT NAME OF APPLICANT

2. PRINCIPAL BUSINESS ADDRESS

3A. OTHER BUSINESS ADDRESSES IN UNITED STATES

3B. NAME AND ADDRESS OF WASHINGTON COMPANY REPRESENTATIVE, IF ANY

4A. NAME AND ADDRESS OF WHOLLY-OWNED SUBSIDIARIES

4B. OTHER SUBSIDIARIES

4C. PARENT COMPANY

5A. CHECK WHETHER

- ☐ INDIVIDUAL  
☐ CORPORATION  
☐ PARTNERSHIP

5B. CAPITAL INVESTED

5C. DATE AND PLACE OF INCORPORATION

6. DATE OF FILING PREVIOUS REGISTRATION APPLICATION



## 7A. NAMES, ADDRESSES AND NATIONALITIES OF PRINCIPAL EXECUTIVE OFFICERS, PARTNERS OR OWNERS

NAMEADDRESSPOSITION IN ORGANIZATIONNATIONALITY

## 7B. NAMES, ADDRESSES AND NATIONALITIES OF PERSONS OWNING AT LEAST 10% OF STOCK OF APPLICANT OR 10 LARGEST STOCK HOLDERS

## 8A. NAMES AND ADDRESS OF FOREIGN SUBSIDIARIES AND AFFILIATES

## 8B. NAMES AND ADDRESSES OF FOREIGN REPRESENTATIVES AND AGENTS

## 9A. UNITED STATES MUNITIONS LIST ITEMS MANUFACTURED BY APPLICANT

## 9B. UNITED STATES MUNITIONS LIST ITEMS EXPORTED OR IMPORTED BY APPLICANT



## 10. BRIEF DESCRIPTION OF TYPE OR TYPES OF BUSINESS CARRIED ON BY APPLICANT

## 11. MUNITIONS LIST ITEMS MANUFACTURED FOR THE UNITED STATES GOVERNMENT (Identify types of Munitions List Articles manufactured customarily for the United States Government and the Agency for which manufactured).

## 12. MAY BE USED BY APPLICANT FOR FURNISHING ADDITIONAL INFORMATION

The undersigned certifies that the information furnished herein is true and correct to the best of his knowledge and belief, and that he is not aware of any information which would tend to impeach the truth of the statements made herein.

|                   |  |
|-------------------|--|
| NAME OF APPLICANT |  |
| DATE OF SIGNATURE |  |
| TITLE             |  |

Registration may be effected for a period of one year or two years, upon payment of a fee of \$15.00 or \$30.00, respectively, to the office of the Registrar. The fee must be transmitted with the application in the form of a money order or check payable to the order of the Registrar of Arms. The fee is waived for companies or individuals who are members of the National Rifle Association.

(This is for use by applicant)



## 12. (Continued)

The undersigned applicant warrants the truth of all statements made in this application. Any person who willfully makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements herein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both. (22 U.S.C. 1934)

If the applicant is a partnership, company association, or corporation, the signature shall be that of its duly authorized representative and, if a corporation, the corporate seal must be affixed.

NAME OF APPLICANT

BY (Signature)

(Date)

TITLE

Registration can be effected for a period of one year or two years, upon payment of a fee of \$75.00, or \$150.00, respectively, at the option of the registrant. The fee must be transmitted with the application in the form of a money order or check payable to the order of the Department of State. No fee is required for amending or correcting the certificate of registration.

(Not to be used by applicant)