

N° 4741.

**ÉTATS-UNIS D'AMÉRIQUE
ET TURQUIE**

**Accord commercial avec annexes, signé à
Ankara, le 1^{er} avril 1939, et échange de
notes y relatif de la même date.**

*Textes officiels anglais et turc communiqués par l'envoyé extraordinaire et
ministre plénipotentiaire des Etats-Unis d'Amérique à Berne. L'enregist-
rement a eu lieu le 21 août 1940.*

**UNITED STATES OF AMERICA
AND TURKEY**

**Trade Agreement with Annexes, signed at
Ankara, April 1st, 1939, and Exchange of
Notes relating thereto of the Same Date.**

*English and Turkish official texts communicated by the Envoy Extraordinary
and Minister Plenipotentiary of the United States of America at Berne.
The registration took place August 21st, 1940.*

No. 474I. — TRADE AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE TURKISH REPUBLIC. SIGNED AT ANKARA, APRIL 1ST, 1939.

THE PRESIDENT OF THE UNITED STATES OF AMERICA and THE PRESIDENT OF THE TURKISH REPUBLIC, being desirous of strengthening the traditional bonds of friendship and of extending commercial relations between the two countries by granting mutual and reciprocal concessions and advantages for the promotion of trade, have decided to conclude a Trade Agreement and for that purpose have appointed their Plenipotentiaries as follows :

THE PRESIDENT OF THE UNITED STATES OF AMERICA :

Mr. John V. A. MACMURRAY, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Turkish Republic, and
Mr. Robert F. KELLEY, First Secretary of Embassy of the United States of America ; and

THE PRESIDENT OF THE TURKISH REPUBLIC :

Mr. Şükrü SARACOĞLU, Minister of Foreign Affairs of the Turkish Republic, and
Mr. Numan MENEMENCIOĞLU, Ambassador, Secretary General of the Ministry of Foreign Affairs ;

Who, after communicating to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles :

Article 1.

Natural or manufactured products originating in the United States of America, enumerated and described in Schedule I annexed to this Agreement, shall, on their importation into the territory of the Turkish Republic, be accorded the tariff reductions provided for in the said Schedule.

In the event that the Government of the Turkish Republic should increase the duties provided for in the said Schedule, such increased duties shall not be applied to the said products until two months after the date of their promulgation.

If before the expiration of the aforesaid period of two months an agreement between the two Governments has not been reached with respect to such compensatory modifications of this Agreement as may be deemed appropriate, the Government of the United States of America shall be free within fifteen days after the date of the application of such increased duties to terminate this Agreement in its entirety on thirty days' written notice.

Article 2.

Natural or manufactured products originating in the Turkish Republic, enumerated and described in Schedule II annexed to this Agreement, shall on their importation into the United States of America, be exempt from ordinary Customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out. The said products shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed, on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this Agreement.

¹ Came into force definitively, November 20th, 1939.

Article 3.

The provisions of Articles 1 and 2 of this Agreement shall not prevent the Government of either country from imposing at any time on the importation of any product a charge equivalent to an internal tax imposed in respect of a like domestic product or in respect of a product from which the imported product has been manufactured or produced in whole or in part.

Article 4.

Natural or manufactured products originating in the United States of America or the Turkish Republic shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those payable on like products of national or foreign origin.

Article 5.

Natural or manufactured products originating in the United States of America, enumerated and described in Schedule I, and natural or manufactured products originating in the Turkish Republic, enumerated and described in Schedule II, shall be permitted to be imported into the other country without any prohibition or restriction whatsoever.

Nevertheless, the two Governments reserve the right to impose quantitative restrictions on the importation of products enumerated and described in the said schedules in conjunction with governmental measures:

- (a) Operating to regulate the production or market supply or to control the prices of like domestic products or
- (b) Tending to increase the labor costs of production of such products ;

Provided, however, that the Government proposing to impose any such quantitative restriction is satisfied, in the case of measures described in subparagraph (a) of this paragraph, that such quantitative restriction is necessary to assure the effective operation of such measures, and, in the case of measures described in subparagraph (b), that such measures are causing the domestic production of the product concerned to be injuriously affected by imports which constitute an abnormal proportion of the total consumption of such product in relation to the proportion supplied in the past by foreign countries.

If the Government of either of the two countries proposes to establish or change such import restrictions, it shall give written notice thereof to the other Government at least two months before they are put into force. If an agreement between the two Governments concerning the proposed measures is not reached before the expiration of the said period of two months, the other Government shall be free, within fifteen days after the application of any such restriction or change, to terminate the present Agreement in its entirety on thirty days' written notice.

Article 6.

Unconditional most-favored-nation treatment shall be accorded by the Government of each country to the commerce of the other country with respect to Customs duties or charges imposed on or in connection with imports or exports and the method of levying such duties or charges, with respect to all regulations and formalities in connection with importation or exportation, the sale or use of imported products within the country, transit, warehousing, the transshipment of goods, the re-exportation of goods, and with respect to official charges applicable to these various operations.

Unconditional most-favored-nation treatment shall likewise be accorded by the Government of each country to the commerce of the other country with respect to all duties, charges or exactions other than Customs duties imposed on or in connection with imports or exports.

In awarding contracts for public works and in purchasing non-military supplies, the Government of neither country shall discriminate against the other country in favor of any third country.

(c) Advantages which the Turkish Republic has accorded or may hereafter accord in the matter of the Customs tariff affecting products originating within the territories detached in 1923 from the Ottoman Empire ;

(d) Advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions, or the Panama Canal Zone, to one another or to the Republic of Cuba, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

Article 12.

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

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

- (a) Relative to public security ;
- (b) Imposed on moral or humanitarian grounds ;
- (c) Designed to protect public health or the life of animals or plants ;
- (d) Relative to prison-made goods ; or
- (e) Relative to measures taken for the enforcement of police or revenue laws.

Article 13.

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

Article 14.

In the event that the rate of exchange between the currencies of the United States of America and the Turkish Republic varies considerably from the rate obtaining on the day of the signature of this Agreement, the Government of either country, if it considers the change in rate so substantial as to prejudice the industry or commerce of the country, shall be free to propose negotiations for the modification of this Agreement. If such negotiations have not resulted in an agreement within a period of thirty days, the Government which has proposed them shall be free to terminate this Agreement in its entirety on thirty days' written notice.

Article 15.

Nothing in this Agreement shall be deemed to affect the rights and obligations arising out of the Treaty of Commerce and Navigation between the United States of America and the Turkish Republic, signed at Ankara on October 1st, 1929.

Article 16.

The present Agreement shall be proclaimed by the President of the United States of America and shall be ratified by the Grand National Assembly of Turkey.

The present Agreement shall come provisionally into force on May 5th, 1939. The Agreement shall come definitively into force on the day on which the Government of the United States of America shall have communicated officially to the Government of the Turkish Republic the proclamation of the President of the United States of America and the Government of the Turkish Republic on its part shall have informed the Government of the United States of America of the ratification of the Agreement by the Grand National Assembly of Turkey.

The Agreement shall remain in force, subject to the provisions of Articles 1, 5, 13 and 14, until it is terminated in accordance with the provisions set forth below. The Government of either country may terminate this Agreement on December 31st, 1939, December 31st, 1940, or December 31st, 1941, in each case on two months' written notice. After December 31st, 1941, the Agreement, if not previously terminated, shall continue in force subject to the provisions of Articles 1, 5, 13 and 14 until six months from the day on which the Government of either country shall have given notice to the other Government of its intention to terminate the Agreement.

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

Done in duplicate, in the English and Turkish languages, both authentic, at the City of Ankara, this 1st day of April, nineteen hundred and thirty-nine.

(*seal*) John V. A. MACMURRAY.
Robert F. KELLEY.

(*seal*) Ş. SARACOĞLU.
N. MENEMENCIOĞLU.

SCHEDULE I

NOTE : The percentages of reduction set forth in the fourth column of this Schedule shall apply to the rates of duty as set forth in the third column of this Schedule or as subsequently modified.

No. of Turkish tariff	Description of Articles	Rate of duty in Turkish Pounds per 100 kilograms	Percentage of reduction
Ex 72 C-3	Cattle hides : fresh, with or without hair, not worked, salted or pickled in lime, weighing 18 kilos (including 18) and over . . .	6.00	5 %
Ex 75 C	Worked skins : Glazed goat skins, weighing more than 4.5 grams per square decimeter (excluding morocco) (Glazed kid skins weighing more than 4.5 grams per square decimeter are dutiable under this number.)	1000.00	40 %
Ex 176 B	Dried prunes (counting 110 prunes or less per kilo)	48.00	75 %
Ex 195	Canned prunes and prune juice : A. Without sugar B. With sugar	70.00 112.50	75 % 75 %
Ex 201 B	Canned asparagus	120.00	75 %
442	Thread (rubber)	62.50	5 %
Ex 477	Asbestos, bitumen and the like, and articles of these materials (including those containing in their composition or texture rubber or fibers or base metals and those which are manufactured and mixed with paper, cardboard, plaster, cement, paints or other ordinary materials) (combined or not with other materials) : Ex C All kinds of plastic construction materials Ex D Bands (including automobile brake lining)	6.00 37.50	5 % 5 %
Ex 523	Iron and steel plates and sheets (plain or corrugated) and hoops or bands : Ex B-2 Galvanized with zinc, up to a thickness of 3 millimeters	3.75	5 %
Ex 537	Furniture of iron and parts : Ex A Only cabinets, boxes and drawers, with or without visible indexes, for filing purposes : 1. Plain and painted 2. Gilded, varnished or others (combined or not with other materials)	30.00 37.50	20 % 20 %
Ex 617 B	Motion picture films	3.75	5 %
Ex 619	Radio receiving sets, complete or incomplete, including tubes and loud-speakers	500.00	75 %
Ex 619	Non-assembled detached radio parts	500.00	88 %
Ex 660	Sewing machines, machines for embroidering and tulle weaving, and mechanical parts and spare parts thereof (excluding needles) (including those electrically driven)	17.50	5 %
662	Typewriters, calculating and registering machines, and machines for counting, grouping and classifying, and parts thereof (including those electrically driven) : A. Weighing up to 5 kilos B. Weighing 5 kilos and over	60.00 30.00	12 % 12 %
663	Tables, bases, covers and stands for sewing machines and typewriters	12.00	5 %

No. of Turkish tariff	Description of Articles	Rate of duty in Turkish Pounds per 100 kilograms	Percentage of reduction
Ex 666	All kinds of electric refrigerating machines and apparatus (assembled, unassembled) :		
	A. The whole weighing up to 50 kilos	15.00	12 %
	B. The whole weighing 50 kilos and over up to 150 kilos . .	12.00	12 %
	C. The whole weighing 150 kilos and over up to 500 kilos .	10.00	12 %
	D. The whole weighing 500 kilos and over up to 2,000 kilos	9.00	12 %
	H. The whole weighing 2,000 kilos and over up to 10,000 kilos	8.00	12 %
	V. The whole weighing 10,000 kilos and over	7.00	12 %
667	Automotive vehicles :		
	A. Automotive vehicles for the transport of persons :		
	1. Weighing up to 900 kilos	75.00	60 %
	2. Weighing 900 kilos and over up to 1,300 kilos	35.00	60 %
	3. Weighing 1,300 kilos and over up to 1,750 kilos . . .	45.00	60 %
	4. Weighing 1,750 kilos and over up to 2,000 kilos . . .	175.00	60 %
	5. Weighing 2,000 kilos and over.	250.00	60 %
	B. All kinds of automotive vehicle chassis, with or without motor (wheels with or without tires and tubes) :		
	1. Weighing up to 750 kilos	48.00	60 %
	2. Weighing 750 kilos and over up to 1,100 kilos	21.00	60 %
	3. Weighing 1,100 kilos and over up to 1,500 kilos . . .	25.50	60 %
	4. Weighing 1,500 kilos and over up to 1,750 kilos . . .	126.00	60 %
	5. Weighing 1,750 kilos and over.	180.00	60 %
	C. Bodies of automotive vehicles for the transport of persons	350.00	60 %
	D. Body parts, not specially provided for	150.00	60 %
	H. Chassis parts or automotive vehicles, not specially provided for	45.00	60 %
	V. Wheels and parts of wheels for automotive vehicles and rims of iron or steel	40.00	60 %
695 D	Heavy mineral oils and their residues (machine oils, mazout, motorine and other such combustibles and residues, tars : the light fraction distilling below 270 degrees must not exceed 10 %)	1.00	5 %
Ex 703 D	Typewriter ribbons.	45.00	10 %
Ex 709	Varnish (only liquid waterproofing preparations) :		
	A. With bronze, aluminium, and colors	24.00	20 %
760	All kinds of insecticide preparations intended for the destruction of rats, fleas and other parasites and insects (powders, pastes, liquids and other forms) (including the weight of the inner containers)	5.00	5 %
Ex 853	Specialties for which import permits have been issued by the Government :		
	Ex B-1 First class, only toothpastes	50 % <i>ad valorem</i>	50 %

¹ Only the amount of the reduced duties will be collected even if the amount of the reduced duties is less than 30 % of the C. I. F. value.

SCHEDULE II

NOTE: The provisions of this Schedule shall be construed and given the same effect, and the application of collateral provisions of the Customs laws of the United States to the provisions of this Schedule shall be determined in so far as may be practicable as if each provision of this Schedule appeared respectively in the statutory provision noted in the column at the left of the respective descriptions of articles.

In the case of articles enumerated in this Schedule, which are subject on the day of the signature of this Agreement to additional or separate ordinary Customs duties, whether or not imposed under the statutory provision noted in the column at the left of the respective description of the article, such separate or additional duties shall continue in force, subject to any reduction indicated in this Schedule or hereafter provided for, until terminated in accordance with law, but shall not be increased.

United States Tariff Act of 1930 Paragraph	Description of Articles	Rates of duty
38	Valonia extract, not containing alcohol	7½ % <i>ad val.</i>
47	Licorice, extracts of, in pastes, rolls, or other forms	15 % <i>ad val.</i>
601	Cigarette leaf tobacco not specially provided for, if unstemmed	30¢ per lb.
740	Figs, fresh, dried, or in brine, valued at 7 cents or more per pound	3¢ per lb.
742	Raisins made from seedless grapes	1½¢ per lb.
757	Filberts :	
	Shelled	8¢ per lb.
761	Pistache nuts :	
	Not shelled	1¼¢ per lb.
	Shelled	2½¢ per lb.
762	Poppy seed	16¢ per 100 lbs.
764	Canary seed	¾¢ per lb.
1116 (a)	Oriental, Axminster, Savonnerie, Aubusson, and other carpets, rugs, and mats, not made on a power-driven loom, plain or figured, whether woven as separate carpets, rugs, or mats, or in rolls of any width	30¢ per square foot, but not less than 45 % <i>ad val.</i>
1541 (a)	Cymbals and parts thereof, not specially provided for	20 % <i>ad val.</i>
1552	Meerschaum, crude or unmanufactured	10 % <i>ad val.</i>
1602	Licorice root, natural and uncompounded and in a crude state, not advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, not containing alcohol	Free
1633	Borax, crude or unmanufactured, and borate of lime, borate of soda, and other borate material, crude and unmanufactured, not specially provided for	Free
1647	Chromite or chrome ore	Free
1670	Valonia, whether crude or advanced in value or condition by shredding, grinding, chipping, crushing, or any similar process, not containing alcohol, not specially provided for	Free
1672	Emery ore	Free
1681	Furs and fur skins, not specially provided for, undressed : Hare and marten	Free
1755	Sausage casings, weasands, intestines, bladders, tendons, and integuments, not specially provided for; all the foregoing produced from sheep, lambs, and goats	Free

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EXCHANGE OF NOTES

I.

I.

TEXTE TURC. — TURKISH TEXT.

¹ TRADUCTION — TRANSLATIONANKARA, 1 *Nisan* 1939.ANKARA, *April 1st*, 1939.

BAY BÜYÜK ELÇİ :

MR. AMBASSADOR :

Hükümetlerimiz arasında bugün imzalanan Ticaret Anlaşması hükümlerine atfen, müzakereler esnasında 9 uncu madde nin tatbiki bakımından varılan itilâfı aşağıdaki şekilde anlamakta olduğumu Ekselansınıza bildirmekle kesbi şeref eylerim :

I have the honor to refer to the provisions of the Trade Agreement between our two Governments signed this day and to inform Your Excellency that my understanding of the agreement with respect to the application of Article 9, reached during the negotiations, is as follows :

1—Amerika Birleşik Devletlerinden Türkiye Cumhuriyeti arazisine 1 Kanunusani 1935 den 31 Kânunuevvel 1937 tarihine kadar olan, 9 uncu maddede mezkûr müddet zarfında vaki ticarî ithalâtın mecmuu kıymeti Türkiye Cumhuriyetinin aynı devre zarfında bilumum menabiden vaki ticarî ithalâtının mecmu kıymetinin % 10,91 i dir. Şurası mukarredir ki her sene disponibl olacak serbest döviz miktarının tayininde, bu yüzde nisbeti, Büyük Britanya ve Şimalî İrlanda Müttehit Kırallığı ile 27 Mayıs 1938 ² tarihinde imza edilmiş olan anlaşma ve esasları 1938 Teşrinievvelinde Ankara'da tesbit edilmiş olan Alman anlaşması ile derpiş edilmiş bulunan kredilerin istimali dolayısıyla aynı sene zarfında yapılan ticarî ithalât kıymeti yekûnunun o sene zarfında mezkûr kredi anlaşmaları ahkâmına tevfikân yapılan tediyatı aşan kısmı mevzuubahs sene zarfında Türkiye Cumhuriyeti arazisine bilumum menabiden vaki ticarî ithalât mecmu kıymetinden düşürüldükten sonra bakiye kalacak meblâğa tatbik edilecektir. Bu tarh amelîyesinin yapılmasına karar verilmiş olmasının sebebi, Türkiye Cumhuriyetine vaki ticarî ithalâtın mecmu kıymetinin yukarıda mezkûr Hükümet kredileri yolu ile yapılacak ithalât dolayısıyla muvakkaten anormal derecede tezeyüt edeceği keyfiyetidir.

1. The total value of the commercial imports from the United States of America into the territory of the Turkish Republic during the period from January 1st, 1935, to December 31st, 1937, mentioned in Article 9, is 10,91 % of the total value of the commercial imports of the Turkish Republic from all sources during the same period. It is agreed that, in determining the amount of free foreign exchange which shall be made available each year, this percentage shall be applied to the total value of the commercial imports into the territory of the Turkish Republic from all sources during the year in question, after deducting from such total value the amount by which the value of commercial imports resulting, during the same year, from the utilization of the credits provided for in the Agreement with the United Kingdom of Great Britain and Northern Ireland, signed on May 27th, 1938 ², and the Agreement with Germany, the principles of which were established in October, 1938, at Ankara, exceeds the payments made during that year in accordance with the provisions of the said credit agreements. This deduction has been decided upon for the reason that the total value of commercial imports into the Turkish Republic will be temporarily increased to an abnormal extent by imports under the governmental credits mentioned above.

9 uncu maddede derpiş olunan disponibl serbest döviz Mikdarı Amerika Birleşik

The amount of available free foreign exchange envisaged in Article 9 shall be

¹ Traduction du Gouvernement des Etats-Unis d'Amérique.

¹ Translation of the Government of the United States of America.

² Vol. CXC, page 121 ; et vol. CXC VII, page 411, de ce recueil.

² Vol. CXC, page 121 ; and Vol. CXC VII, page 411, of this Series.

Devletlerinin hakimiyet veya sultanı altında bulunan bütün arazi menşeli ticarî ithalât tediyatına şamil olacaktır.

2-9 uncu madde mucibince her sene disponibl olacak yukarda mezkûr serbest döviz miktarı sözü edilen ticarî ithalâta müteallik tediyatın transferinde döviz taleplerinin yapıldığı tarih sırasına göre kullanılacaktır.

3-Türkiye Cümhuriyetinin esaslı serbest döviz gelirinini satışları mevsime tabi olan müstahsalât ihracatından mütevellit olmasına binaen Amerika Birleşik Devletleri menşeli ticarî ithalâta müteallik tediyatın transferi için serbest döviz disponibilitesi temininde muvakkat teahhürlerin önüne geçilemeyeceği tabiidir. Şurası mukarrerdir ki 9 uncu madde ahkâmı her bir takvim yılı zarfında mezkûr tediyat transferleri için serbest döviz disponibilitesi temini hususunda mevsim teahhürlerine mani teşkil etmeyecektir.

4-Türkiye Cümhuriyeti Hükûmeti Türkiye Cümhuriyeti ticaretini gayri müsait şekilde tesiri altında bırakan gayri memul hâdisatın neticesi olarak serbest döviz noksanlığı dolayısıyla 9 uncu madde ile kabul olunan serbest döviz disponibilitesini temin edecek vaziyette bulunmadığı takdirde Amerika Birleşik Devletleri Hükûmeti ve Türkiye Cümhuriyeti Hükûmeti her iki Hükûmet için şayanı memnuniyet bir anlaşmaya varmak maksadile müzakerata girişeceklerdir.

5-Bu mektup bugün imzalanan ticaret anlaşmasının ayrılmaz bir parçasını teşkil eder.

İhtiramatı faikamın lutfen kabulünü rica ederim Bay Büyük Elçi.

Ş. SARACOĞLU.

Bay John V. A. MacMurray,
Türkiye Cümhuriyeti nezdinde
Birleşik Amerika Devletleri
Fevkalâde Büyük Elçisi ve Murahhası
Ankara.

applied to payments for commercial imports originating in all the territories under the sovereignty or authority of the United States of America.

2. The amount of free foreign exchange mentioned above which shall be made available each year under Article 9 shall be utilized for the transfer of payments for the said commercial imports in the chronological order in which requests for exchange are made.

3. In view of the fact that the Turkish Republic derives its principal supply of free foreign exchange from the export of products the sale of which has a seasonal character, it is understood that it may not be possible to avoid temporary delays in making available free foreign exchange for the transfer of payments for commercial imports originating in the United States of America. It is agreed that the provisions of Article 9 do not preclude seasonal delays in making available free foreign exchange for transfer of the said payments within any calendar year.

4. If the Government of the Turkish Republic should not be in a position, through lack of free foreign exchange, as a result of unforeseen developments affecting adversely the commerce of the Turkish Republic, to make available the amount of free foreign exchange agreed upon in Article 9, the Government of the United States of America and the Government of the Turkish Republic shall enter into negotiations for the purpose of reaching an arrangement satisfactory to the two Governments.

5. The present note constitutes an integral part of the Trade Agreement signed this day.

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

Ş. SARACOĞLU.

Mr. John V. A. MacMurray,
Ambassador Extraordinary and
Plenipotentiary of the United States of
America to the Turkish Republic.

II.

MR. MINISTER :

ANKARA, *April 1st, 1939.*

I have the honor to acknowledge the receipt of your note of today's date containing a statement of your understanding of the agreement reached with respect to the application of Article 9 of the Trade Agreement signed this day, which is as follows :

1. The total value of the commercial imports from the United States of America into the territory of the Turkish Republic during the period from January 1st, 1935, to December 31st, 1937, mentioned in Article 9, is 10.91 % of the total value of the commercial imports of the Turkish Republic from all sources during the same period. It is agreed that, in determining the amount of free foreign exchange which shall be made available each year, this percentage shall be applied to the total value of the commercial imports into the territory of the Turkish Republic from all sources during the year in question, after deducting from such total value the amount by which the value of commercial imports resulting, during the same year, from the utilization of the credits provided for in the Agreement with the United Kingdom of Great Britain and Northern Ireland, signed on May 27th, 1938, and the Agreement with Germany, the principles of which were established in October, 1938, at Ankara, exceeds the payments made during that year in accordance with the provisions of the said credit agreements. This deduction has been decided upon for the reason that the total value of commercial imports into the Turkish Republic will be temporarily increased to an abnormal extent by imports under the governmental credits mentioned above.

The amount of available free foreign exchange envisaged in Article 9 shall be applied to payments for commercial imports originating in all the territories under the sovereignty or authority of the United States of America.

2. The amount of free foreign exchange mentioned above which shall be made available each year under Article 9 shall be utilized for the transfer of payments for the said commercial imports in the chronological order in which requests for exchange are made.

3. In view of the fact that the Turkish Republic derives its principal supply of free foreign exchange from the export of products the sale of which has a seasonal character, it is understood that it may not be possible to avoid temporary delays in making available free foreign exchange for the transfer of payments for commercial imports originating in the United States of America. It is agreed that the provisions of Article 9 do not preclude seasonal delays in making available free foreign exchange for transfer of the said payments within any calendar year.

4. If the Government of the Turkish Republic should not be in a position, through lack of free foreign exchange, as a result of unforeseen developments affecting adversely the commerce of the Turkish Republic, to make available the amount of free foreign exchange agreed upon in Article 9, the Government of the United States of America and the Government of the Turkish Republic shall enter into negotiations for the purpose of reaching an arrangement satisfactory to the two Governments.

5. The present note constitutes an integral part of the Trade Agreement signed this day.

I have the honor to confirm Your Excellency's understanding of the agreement thus reached. Accept, Mr. Minister, the assurances of my highest consideration.

Mr. Sükrü Saracoğlu,
Minister of Foreign Affairs of the Turkish Republic.

JOHN V. A. MACMURRAY.

Certified to be true and complete textual copies of the original Agreement and supplementary exchange of notes in all the languages in which they were signed.

For the Secretary of State of the United States of America :
Edward YARDLEY, *Director of Personnel.*

Article 7.

No prohibition, restriction or limitation of any kind shall be imposed by the Government of either country upon the importation of natural or manufactured products originating in the other country or upon the exportation of natural or manufactured products destined for the other country, except as provided below.

Subject to the provisions of Article 5 of this Agreement, either of the two Governments may impose prohibitions or quantitative restrictions upon the importation of products originating in the other country as well as upon the exportation of products destined for the other country, provided that importation of the like products originating in all third countries, or exportation of the same products to all third countries, respectively, is similarly prohibited or restricted. If the Government of either country applies quantitative restrictions to the importation of any products in which the other country has an interest, and these restrictions are implemented by quantitative allocation among the various exporting countries, there shall be allocated to the other country a proportion of the total importations equivalent to the proportion of the imports of such product supplied by the other country during a representative period prior to the establishment of the restrictions in question.

Article 8.

In the event that the Government of either of the two countries shall establish or maintain, either directly or indirectly, any form of control of the means of international payment, it shall, in all aspects of the administration of such control, accord to the other country unconditional most-favored-nation treatment.

It is agreed that this provision does not affect the provisions of Article 9.

Article 9.

The Government of the Turkish Republic undertakes that, so long as it maintains, directly or indirectly, any form of control of the means of international payment, it will provide, in any calendar year, for the transfer of payments for commercial importations of natural or manufactured products originating in the United States of America, imported into the territory of the Turkish Republic during the calendar year in question, an amount of free foreign exchange which shall not be less, in proportion to the total value of the commercial imports of the Turkish Republic during the said calendar year, than the amount corresponding to the proportion of the total commercial imports supplied by the United States of America in the period from January 1st, 1935 to December 31st, 1937.

Article 10.

The provisions of this Agreement relating to the treatment to be accorded by the United States of America and the Turkish Republic, respectively, to the commerce of the other country shall apply, on the part of the United States of America, to the continental territory of the United States of America and such of its territories and possessions as are included in its Customs territory on the day of the signature of this Agreement. The provisions of this Agreement relating to most-favored-nation treatment shall apply, however, to all the territories under the sovereignty or authority of the United States of America, other than the Panama Canal Zone.

Article 11.

The provisions of this Agreement shall not apply to :

(a) Advantages now accorded or which may hereafter be accorded by either country to adjacent countries in order to facilitate frontier traffic within a zone not exceeding fifteen kilometers on either side of the frontier ;

(b) Advantages resulting from a Customs union to which either the United States of America or the Turkish Republic may become a party, so long as such advantages are not accorded to any third country ;