

## ECONOMIC COOPERATION

*Agreement signed at Berlin July 14, 1948, for the United States and the U.S.-U.K. Zones of Occupation*

*Entered into force July 14, 1948*

*Replaced December 29, 1949, by agreement between the United States and the Federal Republic of Germany signed at Bonn December 15, 1949*<sup>1</sup>

62 Stat. 2279; Treaties and Other  
International Acts Series 1785

### ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED STATES AND UNITED KINGDOM OCCUPIED AREAS IN GERMANY

#### PREAMBLE

The Government of the United States of America, and the United States and United Kingdom Military Governors in Germany, acting on behalf of the United States and United Kingdom occupied areas in Germany:

Recognizing that the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance;

Recognizing that a strong and prosperous European economy is essential for the attainment of the purposes of the United Nations;

Considering that the achievement of such conditions calls for a European Recovery Plan of self-help and mutual cooperation, open to all nations which cooperate in such a plan, based upon a strong production effort, the expansion of foreign trade, the creation or maintenance of internal financial stability and the development of economic cooperation, including all possible steps to establish and maintain valid rates of exchange and to reduce trade barriers;

Considering that in furtherance of these principles the Military Governors, on behalf of the United States/United Kingdom occupied areas, joined with like-minded nations in a convention for European economic cooperation signed at Paris on April 16, 1948 under which the signatories of that con-

---

<sup>1</sup> TIAS 2024, *post*, p. 286.

vention agreed to undertake as their immediate task the elaboration and execution of a joint recovery program, and that the United States/United Kingdom occupied areas are a member of the organization for European economic cooperation created pursuant to the provisions of that convention;

Considering also that, in furtherance of these principles, the Government of the United States of America has enacted the Economic Cooperation Act of 1948,<sup>2</sup> providing for the furnishing of assistance by the United States of America to nations participating in a joint program for European recovery, in order to enable such nations through their own individual and concerted efforts to become independent of extraordinary outside economic assistance;

Taking note that the Military Governors have already expressed their adherence to the purposes and policies of the Economic Cooperation Act of 1948;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America under the Economic Cooperation Act of 1948, the receipt of such assistance by the United States/United Kingdom occupied areas and the measures which the two parties will take individually and together in furthering the recovery of the United States/United Kingdom occupied areas as an integral part of the joint program for European recovery;

Have agreed as follows:

#### ARTICLE I

##### (Assistance and Cooperation)

1. The Government of the United States of America undertakes to assist the United States/United Kingdom occupied areas, by making available to the Military Governors or to any person, agency or organization designated by the latter such assistance as may be requested by them and approved by the Government of the United States of America. The Government of the United States of America will furnish this assistance under the provisions, and subject to all the terms, conditions and termination provisions, of the Economic Cooperation Act of 1948, acts amendatory and supplementary thereto and appropriation acts thereunder, and will make available to the Military Governors only such commodities, services and other assistance as are authorized to be made available by such acts.

2. The Military Governors, acting directly and through the organization for European Economic Cooperation, consistently with the Convention for European Economic Cooperation signed at Paris on April 16, 1948, will exert sustained efforts in common with other participating countries speedily to achieve through a joint recovery program economic conditions in Europe essential to lasting peace and prosperity and to enable the countries of Europe participating in such a joint recovery program to become inde-

<sup>2</sup> 62 Stat. 137.

pendent of extraordinary outside economic assistance within the period of this agreement. The Military Governors reaffirm their intention to take action to carry out the provisions of the General Obligations of the Convention for European Economic Cooperation, to continue to participate actively in the work of the Organization for European Economic Cooperation, and to continue to adhere to the purposes and policies of the Economic Cooperation Act of 1948.

3. All assistance furnished by the Government of the United States of America to the United States/United Kingdom occupied areas pursuant to this Agreement shall constitute a claim against Germany. To the extent that expenditures are made from the special account established under Article IV of this Agreement for the purposes set forth in Paragraphs 3 and 4 of that Article and for purposes not of direct benefit to the German economy, such claim against Germany shall be reduced in an amount commensurate with such expenditures. The proceeds of exports from all future production and stocks of the United States/United Kingdom occupied areas will be available for payment for assistance made available pursuant to this Agreement. At the earliest practicable time consistent with the rebuilding of the German economy on healthy, non-aggressive lines, such proceeds shall be applied for such payment on a basis at least as favorable to the United States as that accorded the United States for imports made pursuant to the memorandum of agreement between the United States and the United Kingdom dated 2 December 1946, as revised and supplemented, relating to the economic integration of the United States and United Kingdom Zones of Germany.<sup>3</sup>

4. With respect to assistance furnished by the Government of the United States of America to the United States/United Kingdom occupied areas and procured from areas outside the United States of America, its territories and possessions, the Military Governors will cooperate with the Government of the United States of America in ensuring that procurement will be effected at reasonable prices and on reasonable terms and so as to arrange that the dollars thereby made available to the country from which the assistance is procured are used in a manner consistent with any arrangements made by the Government of the United States of America and such country.

## ARTICLE II

### (General Undertakings)

1. In order to achieve the maximum recovery through the employment of assistance received from the Government of the United States of America, the Military Governors will use their best endeavors to assure:

---

<sup>3</sup> TIAS 1575, 1689, 1883, 1959, and 1962, *post*, UNITED KINGDOM.

a) the adoption or maintenance of the measures necessary to ensure efficient and practical use of all the resources available to the United States/United Kingdom occupied areas, including

(i) such measures as may be necessary to ensure that the commodities and services obtained with assistance furnished under this agreement are used for purposes consistent with this agreement and, as far as practicable, with the general purposes outlined in the schedules furnished by the Military Governors in support of the requirements of assistance to be furnished by the Government of the United States of America; and

(ii) the observation and review of the use of such resources through an effective follow-up system approved by the Organization for European Economic Cooperation;

b) the promotion of industrial and agricultural production on a sound economic basis along healthy non-aggressive lines; the achievement of such production targets as may be established through the Organization for European Economic Cooperation; and when desired by the Government of the United States of America, the communication to that Government of detailed proposals for specific projects contemplated by the Military Governors to be undertaken in substantial part with assistance made available pursuant to this agreement, including whenever practicable projects for increased production of coal, transportation facilities and food;

c) the stabilization of the currency, the establishment and maintenance of a valid rate of exchange, the balancing of the governmental budgets as soon as practicable, the creation or maintenance of internal financial stability, and generally the restoration or maintenance of confidence in the monetary system; and

d) cooperation with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and in reducing public and private barriers to trade among the participating countries and with other countries.

2. Taking into account Article 8 of the Convention for European Economic Cooperation looking toward the full and effective use of manpower available in the participating countries, the Military Governors will accord sympathetic consideration to proposals, including proposals made in conjunction with the International Refugee Organization, directed to the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this Agreement.

3. The Military Governors will take the measures which they deem appropriate, and will cooperate with other participating countries, to prevent, on the part of private or public commercial enterprises, business practices or

business arrangements affecting international trade which restrain competition, limit access to markets or foster monopolistic control whenever such practices or arrangements have the effect of interfering with the achievement of the joint program of European recovery.

### ARTICLE III

#### (Guaranties)

1. During any period in which foreign private investment is permitted in the United States/United Kingdom occupied areas, the Government of the United States of America and the Military Governors will, upon the request of either party, consult respecting projects in the United States/United Kingdom occupied areas proposed by nationals of the United States of America and with regard to which the Government of the United States of America may appropriately make guaranties of currency transfer under Section 111(b)(3) of the Economic Cooperation Act of 1948.

2. The Military Governors agree that if the Government of the United States of America makes payment in United States dollars to any person under such a guaranty, any Deutsche Marks or credits in Deutsche Marks, assigned or transferred to the Government of the United States of America pursuant to that section shall be recognized as property of the Government of the United States of America.

### ARTICLE IV

#### (Local Currency)

1. The provisions of this Article shall apply with respect to all assistance which may be furnished by the Government of the United States of America under this Agreement.

2. The Military Governors will establish a special account in the Bank Deutscher Laender in the name of the Military Governors (hereinafter called the Special Account) and will make deposits in Deutsche Marks to this account as follows:

(a) The unencumbered balances of the deposits made by the Military Governors pursuant to the exchange of letters between the Government of the United States of America and the Bipartite Board dated May 1, 1948 and May 14, 1948,<sup>4</sup> respectively.

(b) Amounts in Deutsche Marks commensurate with the indicated dollar cost to the Government of the United States of America of commodities, services, and technical information (including any costs of processing, storing, transporting, repairing, or other services incident thereto) made available to the United States/United Kingdom occupied areas by any means

---

<sup>4</sup> Not printed here; for background, see *Department of State Bulletin*, May 30, 1948, p. 708.

(other than by guaranties authorized under the Economic Cooperation Act of 1948), less, however, the amount of the deposits made pursuant to the exchange of letters referred to in sub paragraph (a). The Government of the United States of America shall from time to time notify the Military Governors of the indicated dollar costs of any such commodities, services, and technical information, and the amounts in Deutsche Marks commensurate with such indicated dollar costs shall be determined in the following manner. Pending the establishment of an official commercial rate of exchange between the dollar and the Deutsche Mark the Military Governors will, upon receipt of such notification, deposit in the Special Account amounts of Deutsche Marks as agreed upon between the Government of the United States and the Military Governors. Deposits in the Special Account made, upon notification by the Government of the United States after an official commercial rate of exchange has been established, will be amounts of Deutsche Marks computed at the official rate. The Military Governors may at any time advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

3. The Government of the United States of America will from time to time notify the Military Governors of its requirements for administrative expenditures in Deutsche Marks within the United States/United Kingdom occupied areas incident to operations under the Economic Cooperation Act of 1948, and the Military Governors will whereupon make such sums available out of any balances in the Special Account in the manner requested by the Government of the United States of America in the notification.

4. Five percent of each deposit made pursuant to this Article in respect of assistance furnished under authority of the Foreign Aid Appropriation Act, 1949,<sup>5</sup> shall be allocated to the use of the Government of the United States of America for its expenditures in the United States/United Kingdom occupied areas, and sums made available pursuant to paragraph 3 of this Article shall first be charged to the amounts allocated under this paragraph.

5. The Military Governors will further make such sums of Deutsche Marks available out of any balances in the Special Account as may be required to cover costs (including port, storage, handling and similar charges) of transportation from any point of entry in the United States/United Kingdom occupied areas to the consignee's designated point of delivery in United States/United Kingdom occupied areas of such relief supplies and packages as are referred to in Article VI.

6. The Military Governors may draw upon the remaining balance in the Special Account for such purposes as may be agreed from time to time with the Government of the United States of America. In considering proposals put forward by the Military Governors for drawings from the Special Account, the Government of the United States of America will take into

---

<sup>5</sup> 62 Stat. 1054.

account the need for promoting or maintaining internal monetary and financial stabilization in the United States/United Kingdom occupied areas and for stimulating productive activity and international trade and the exploration for and development of new sources of wealth within the United States/United Kingdom occupied areas, including in particular:

(a) expenditures upon projects or programs, including those which are part of a comprehensive program for the development of the productive capacity of the United States/United Kingdom occupied areas and the other participating countries, and projects or programs the external costs of which are being covered by assistance rendered by the Government of the United States of America under the Economic Cooperation Act of 1948 or otherwise;

(b) expenditures upon the exploration for and development of additional production of materials which may be required in the United States of America because of deficiencies or potential deficiencies in the resources of the United States of America; and

(c) effective retirement of public debt, especially debt held by banking institutions.

7. Any unencumbered balance, other than unexpended amounts allocated under paragraph 4 of this Article, remaining in the Special Account on June 30, 1952, shall be disposed of within the United States/United Kingdom occupied areas for such purposes as may hereafter be agreed between the Government of the United States of America and the Military Governors, it being understood that the agreement of the United States of America shall be subject to approval by act or joint resolution of the Congress of the United States of America.

#### ARTICLE V

##### (Access to Materials)

1. The Military Governors will facilitate the transfer to the United States of America, for stockpiling or other purposes, of materials originating in the United States/United Kingdom occupied areas which are required by the United States of America as a result of deficiencies or potential deficiencies in its own resources, upon such reasonable terms of sale, exchange, barter or otherwise, and in such quantities, and for such period of time, as may be agreed to between the Government of the United States of America and the Military Governors after due regard for the reasonable requirements of the United States/United Kingdom occupied areas for domestic use and commercial export of such materials. The Military Governors will take such specific measures as may be necessary to carry out the provisions of this paragraph, including the promotion of the increased production of such materials within the United States/United Kingdom occupied areas, and removal of any hinderances to the transfer of such materials to the United

States of America. The Military Governors will, when so requested by the Government of the United States of America, enter into negotiations for detailed arrangements necessary to carry out the provisions of this paragraph.

2. The Military Governors will, when so requested by the Government of the United States of America, negotiate such arrangements as are appropriate to carry out the provisions of paragraph (9) of sub-section 115(b) of the Economic Cooperation Act of 1948, which relates to the development and transfer of materials required by the United States of America.

3. The Military Governors, when so requested by the Government of the United States of America, will cooperate, wherever appropriate, to further the objectives of paragraphs 1 and 2 of this Article in respect of materials originating outside of the United States/United Kingdom occupied areas.

#### ARTICLE VI

##### (Travel Arrangements and Relief Supplies)

1. The Military Governors will cooperate with the Government of the United States of America in facilitating and encouraging the promotion and development of travel by citizens of the United States of America to and within participating countries.

2. The Military Governors will, when so desired by the Government of the United States of America, enter into negotiations for agreements (including the provision of duty-free treatment under appropriate safeguards) to facilitate the entry into the United States/United Kingdom occupied areas of supplies of relief goods donated to or purchased by United States voluntary non-profit relief agencies and of relief packages originating in the United States of America and consigned to individuals residing in the United States/United Kingdom occupied areas.

#### ARTICLE VII

##### (Consultation and Transmittal of Information)

1. The Parties of this Agreement will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to operations or arrangements carried out pursuant to this Agreement.

2. The Military Governors will communicate to the Government of the United States of America in a form and at intervals to be indicated by the latter after consultation with the Military Governors:

(a) detailed information of projects, programs and measures proposed or adopted by the Military Governors to carry out the provisions of this Agreement and the General Obligations of the Convention for European Economic Cooperation;

(b) full statements of operations under this Agreement, including a statement of the use of funds, commodities and services received thereunder, such statements to be made in each calendar quarter;

(c) information regarding the economy of the United States/United Kingdom occupied areas and any other relevant information, necessary to supplement that obtained by the Government of the United States of America from the Organization for European Economic Cooperation, which the Government of the United States of America may need to determine the nature and scope of operations under the Economic Cooperation Act of 1948, and to evaluate the effectiveness of assistance furnished or contemplated under this Agreement and generally the progress of the joint recovery program.

3. The Military Governors will assist the Government of the United States of America to obtain information relating to the materials originating in the United States/United Kingdom occupied areas referred to in Article V which is necessary to the formulation and execution of the arrangements provided for in that Article.

#### ARTICLE VIII

##### (Publicity)

1. The Government of the United States of America and the Military Governors recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the joint program for European recovery and of the actions taken in furtherance of that program. It is recognized that wide dissemination of information on the progress of the program is desirable in order to develop the sense of common effort and mutual aid which are essential to the accomplishment of the objectives of the program.

2. The Government of the United States of America will encourage the dissemination of such information and will make it available to the media of public information.

3. The Military Governors will encourage the dissemination of such information both directly and in cooperation with the Organization for European Economic Cooperation. They will make such information available to the media of public information and take all practicable steps to ensure that appropriate facilities are provided for such dissemination. They will further provide other participating countries and the Organization for European Economic Cooperation with full information on the progress of the Program for economic recovery.

4. The Military Governors will make public in the United States/United Kingdom occupied areas in each calendar quarter, full statements of operations under this Agreement, including information as to the use of funds, commodities and services received.

#### ARTICLE IX

##### (Missions)

1. The Military Governors agree to receive a Special Mission for Economic Cooperation, which shall conform to any administrative arrangements

established by the President of the United States of America pursuant to Section 109(d) of the Economic Cooperation Act of 1948 and which will discharge the responsibilities of the Government of the United States of America in the United States/United Kingdom occupied areas under this Agreement.

2. The Military Governors, upon appropriate notification from the Government of the United States of America, will accord appropriate courtesies to the Special Mission and its personnel, the United States Special Representatives in Europe and his staff, and the members and staff of the Joint Committee on Foreign Economic Cooperation of the Congress of the United States of America, and will grant them the facilities and assistance necessary to the effective performance of their responsibilities to assure the accomplishment of the purposes of this Agreement.

3. The Military Governors, directly and through their representatives on the Organization for European Economic Cooperation, will extend full cooperation to the Special Mission, to the United States Special Representative in Europe and his staff, and to the members and staff of the Joint Committee. Such cooperation shall include the provision of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

#### ARTICLE X

##### (Definitions)

As used in this Agreement:

1. The "United States/United Kingdom occupied areas" means those areas of Germany occupied by the armed forces of the United States of America and the United Kingdom.

2. The "Military Governors" means the United States and United Kingdom Military Governors in Germany.

3. The term "participating country" means

(i) any country which signed the Report of the Committee of European Economic Cooperation at Paris on September 22, 1947, and territories for which it has international responsibility and to which the Economic Cooperation Agreement concluded between that country and the Government of the United States of America has been applied, and

(ii) any other country (including any of the zones of occupation of Germany, and areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

for so long as such country is a party to the Convention for European Economic Cooperation and adheres to a joint program for European recovery designed to accomplish the purposes of this Agreement.

## ARTICLE XI

(Entry into Force, Amendment, Duration)

1. This Agreement shall become effective on this day's date. Subject to the provisions of paragraphs 2 and 3 of this Article, it shall remain in force until June 30, 1953, and, unless at least six months before June 30, 1953, either the Government of the United States of America or the Military Governors shall have given notice in writing to the other of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

2. If, during the life of this Agreement, the Government of the United States of America or the Military Governors should consider there has been a fundamental change in the basic assumptions underlying this Agreement, the other Contracting Party shall be notified in writing and the Contracting Parties will thereupon consult with a view to agreeing upon the amendment, modification or termination of this Agreement. If, after three months from such notification, the Contracting Parties have not agreed upon the action to be taken in the circumstances, either Contracting Party may give notice in writing to the other of intention to terminate this Agreement. Then, subject to the provisions of paragraph 3 of this Article, this Agreement shall terminate either:

- (a) six months after the date of such notice of intention to terminate, or
- (b) after such shorter period as may be agreed to be sufficient to ensure that the obligations of the Military Governors are performed in respect of any assistance which may continue to be furnished by the Government of the United States of America after the date of such notice;

provided, however, that Article V and paragraph 3 of Article VII shall remain in effect until two years after the date of such notice of intention to terminate, but not later than June 30, 1953.

3. Subsidiary agreements and arrangements negotiated pursuant to this Agreement may remain in force beyond the date of termination of this Agreement and the period of effectiveness of such subsidiary agreements and arrangements shall be governed by their own terms. Article IV shall remain in effect until all the sums in Deutsche Marks required to be deposited in accordance with its own terms have been disposed of as provided in that Article. Paragraph 2 of Article III shall remain in effect for so long as the guaranty payments referred to in that Article may be made by the Government of the United States of America.

4. This Agreement may be amended at any time by agreement between the Parties.

5. The Annex to this Agreement forms an integral part thereof.

6. This Agreement shall be registered with the Secretary-General of the United Nations.

In witness whereof the respective representatives, duly authorized for the purpose, have signed the present Agreement.

Done at, Berlin, Germany, in duplicate, both texts authentic, this 14th day of July 1948.

LUCIUS D. CLAY  
*General, U.S. Army*  
*Military Governor*  
*United States Zone*

BRIAN H. ROBERTSON  
*General*  
*Military Governor*  
*British Zone*

ROBERT D. MURPHY  
*United States Political*  
*Adviser for Germany*

ANNEX

*Interpretative Notes*

1. It is understood that the requirements of paragraph 1(a) of Article II, relating to the adoption of measures for the efficient use of resources, would include, with respect to commodities furnished under the Agreement, effective measures for safeguarding such commodities and for preventing their diversion to illegal or irregular markets or channels of trade.

2. It is understood that the obligation under paragraph 1(c) of Article II to balance the Governmental budgets as soon as practicable would not preclude deficits over a short period but would mean a budgetary policy involving the balancing of the budget in the long run.

3. It is understood that the business practices and business arrangements referred to in paragraph 3 of Article II mean:

(a) fixing prices, terms or conditions to be observed in dealing with others in the purchase, sale or lease of any product;

(b) excluding enterprises from, or allocating or dividing, any territorial market or field of business activity, or allocating customers, or fixing sales quotas or purchase quotas;

(c) discriminating against particular enterprises;

(d) limiting production or fixing production quotas;

(e) preventing by agreement the development or application of technology or invention whether patented or unpatented;

(f) extending the use of rights under patents, trade marks or copyrights granted by either Party to this Agreement to matters which, according to its laws and regulations, are not within the scope of such grants, or to prod-

ucts or conditions of production, use or sale which are likewise not the subjects of such grants;

(g) such other practices as the Parties to this Agreement may agree to include.

4. It is understood that the Military Governors are obligated to take action in particular instances in accordance with paragraph 3 of Article II only after appropriate investigation or examination.

5. It is understood that the phrase in Article V "after due regard for the reasonable requirements of the United States/United Kingdom occupied areas for domestic use" would include the maintenance of reasonable stocks of the materials concerned and that the phrase "commercial export" might include barter transactions. It is also understood that arrangements negotiated under Article V might appropriately include provision for consultation, in accordance with the principles of Article 32 of the Havana Charter for an International Trade Organization,<sup>9</sup> in the event that stockpiles are liquidated.

(6) It is understood that the Military Governors will not be requested, under paragraph 2(a) of Article VII, to furnish detailed information about minor projects or confidential commercial or technical information the disclosure of which would injure legitimate commercial interests.

7. It is understood that the relevant information required to be communicated to the Government of the United States of America under paragraph 2(c) of Article VII will include monthly financial and operating statements of the Joint Export Import Agency and its successors.

8. It is understood that a change or prospective change in the fundamental relationship of the Military Governors to the United States/United Kingdom occupied areas would constitute a fundamental change in the basic assumptions underlying the Agreement, referred to in paragraph 2 of Article XI.

9. It is recognized that the provisions of the Agreement take adequate account of the basic governmental position and functions of the United States and the United Kingdom in their capacity as occupying powers in Germany. It is understood that the Agreement would not prejudice any inter-governmental agreement relating to Germany among the occupying powers.

---

<sup>9</sup> Unperfected. Art. 32(3) of the Havana Charter reads as follows:

"Such Member shall, at the request of any Member which considers itself substantially interested, consult as to the best means of avoiding substantial injury to the economic interests of producers and consumers of the primary commodity in question. In cases where the interests of several Members might be substantially affected, the Organization may participate in the consultations, and the Member holding the stocks shall give due consideration to its recommendations."