CZECH REPUBLIC TRADE RELATIONS AGREEMENT

After the breakup of Czechoslovakia in 1993, this agreement continued in effect for the successor states, the Czech Republic and Slovakia.

AGREEMENT ON TRADE RELATIONS
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE CZECHOSLOVAK FEDERATIVE REPUBLIC

The Government of the United States of America and the Government of the Czechoslovak Federative Republic (hereinafter referred to collectively as “Parties” and individually as “Party”),

Desiring to develop further the enduring friendship between their nations,

Noting the steady improvement in relations between the two countries,

Desiring to adopt mutually advantageous and equitable rules governing their trade and to ensure a predictable commercial environment,

Affirming that the evolution of market-based economic institutions and the strengthening of the private sector will aid the development of mutually beneficial trade relations,

Acknowledging that the development of trade relations and direct contact between enterprises of the Parties, including private enterprises, will promote openness and mutual understanding,

Recognizing that development of bilateral trade may contribute to better mutual understanding and cooperation, and can contribute to the well-being of workers and promote respect for internationally recognized worker rights,

Resolving to incorporate in their trade relations the principles and rules of the General Agreement on Tariffs and Trade (hereinafter referred to as “GATT”), to which both the United States of America and Czechoslovakia are founding contracting parties,

Being convinced that an agreement on trade relations between the two Parties can create a framework which will foster the development and expansion of commercial ties between their respective nationals and companies, and best serve the mutual interests of the Parties,

Have agreed as follows:

ARTICLE I.

APPLICATION OF THE GATT, MOST-FAVORED-NATION TREATMENT, AND THE STATUS OF CERTAIN GATT CODES

1. Both Parties reaffirm the importance of their participation in the GATT and the importance of the provisions and principles of the GATT for their respective economic policies.
2. To this end, the Parties shall apply between themselves the provisions of the GATT, as those provisions apply to each Party, and shall accord each other's products most-favored-nation treatment as provided in the GATT, provided that, to the extent any provision of the GATT is inconsistent with any provision of this Agreement, the latter shall apply.

3. Both Parties reaffirm the importance of their participation in the Agreement on Technical Barriers to Trade, the Agreement on Import Licensing Procedures, the Agreement on Implementation of Article VII of the GATT and the Protocol to that Agreement (Customs Valuation), and the Agreement on Implementation of Article VI of the GATT (Anti-Dumping) and the importance of the provisions and principles therein for their respective economic policies. Both Parties commit to participating in multilateral negotiations pertaining to those agreements with a view towards improving them.

4. Each Party shall accord to imports of products and services originating in the territory of the other Party most-favored-nation treatment with respect to the allocation of and access to the currency needed to pay for such imports.

ARTICLE II.

MAINTAINING A SATISFACTORY BALANCE OF MARKET OPPORTUNITIES

1. The Parties agree to maintain a satisfactory balance of market access opportunities in trade in products and services, taking into account, inter alia, the extent of tariffs or other duties or charges on trade in products and services; the extent of non-tariff barriers; the effects of state-to-state trade agreements; and the extent of responsibilities and rights deriving from those GATT Codes or similar agreements to which both Parties are signatories, and in particular to reciprocate satisfactorily reductions by the other Party in tariffs and nontariff barriers to trade that result from multilateral negotiations.

2. Each Party shall administer all tariff and nontariff measures affecting trade in products and services in a manner which affords, with respect to both third country and domestic competitors, meaningful competitive opportunities for products and services of the other Party.

ARTICLE III.

GENERAL OBLIGATIONS WITH RESPECT TO TRADE

1. Trade shall be effected by contracts between nationals and companies of the United States and economic entities of Czechoslovakia concluded on the basis of non-discrimination and in the exercise of their independent commercial judgement and on the basis of customary commercial considerations such as price, quality, availability, delivery and terms of payment.

2. Neither Party shall require or encourage nationals and companies of the United States or Czechoslovakia to engage in barter or countertrade.

ARTICLE IV.

EXPANSION AND PROMOTION OF TRADE
1. The Parties affirm their desire to expand trade in products and services consistent with the terms of this Agreement. They shall take appropriate measures to encourage and facilitate the exchange of products and services and to secure favorable conditions for the long term development of trade relations between their respective nationals and companies. The Parties shall promote the development and diversification of their commercial exchanges to the fullest extent possible.

2. The Parties shall take appropriate measures to encourage the expansion of commercial contacts with a view to increasing trade. In this regard, the Government of Czechoslovakia expects that, during the term of this Agreement, economic entities of Czechoslovakia shall, consistent with commercial considerations, increase their purchases of products and services from the United States, while the Government of the United States expects that the effect of this Agreement will be to encourage increased purchases by nationals and companies of the United States of products and services from Czechoslovakia. Toward this end, the Parties shall publicize this Agreement and ensure that it is made available to all interested parties.

3. Each Party shall encourage and facilitate the holding of trade promotional events such as fairs, exhibitions, missions and seminars in its territory and in the territory of the other Party. Similarly, each Party shall encourage and facilitate the participation of its respective nationals and companies in such events. Subject to the laws in force within their respective territories, the Parties agree to allow the import and re-export on a duty-free basis of all articles for use in such events, provided that such articles are not sold or otherwise transferred.

ARTICLE V.

BUSINESS FACILITATION

1. Each Party shall afford commercial representations of the other Party fair and equitable treatment with respect to the conduct of their operations.

2. Subject to its laws and procedures governing immigration and foreign missions, each Party shall permit the establishment within its territory of commercial representations of nationals and companies of the other Party and shall accord nondiscriminatory treatment to the activities of such representations.

3. Subject to its laws and procedures governing immigration and foreign missions, each Party shall permit such commercial representations established in its territory to hire directly employees who are nationals of either Party or of third countries and to compensate such employees on terms that are mutually agreed between the parties, consistent with such Party's minimum wage laws.

4. Each Party shall permit commercial representations of the other Party to import and use, in accordance with normal commercial practices, office and other equipment in connection with the conduct of their activities in the territory of such Party.

5. Subject to its laws governing foreign missions, each Party shall permit such commercial representations access to office space and living accommodations on a non-discriminatory basis, including at non-discriminatory prices where such prices are set or controlled by the government.

6. Subject to its laws and procedures governing immigration and foreign missions, each Party shall permit nationals and companies of the other Party to engage or serve as agents, consultants and
distributors of either Party and of third countries on prices and terms mutually agreed between the parties, provided that such agents, consultants, or distributors are entitled to engage in international trade.

7. Each Party shall, in accordance with its commitments made in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Material, done at Geneva on November 7, 1952, permit commercial representations to stock an adequate supply of samples. In addition, each Party shall permit commercial representations to distribute replacement parts for after-sales services on a non-commercial basis.

8. Each Party shall permit nationals and companies of the other Party to advertise their products and services (a) through direct agreement with the advertising media, including television, radio, print and billboard, and (b) by direct mail, including the use of enclosed envelopes and cards preaddressed to that national or company.

9. Each Party shall encourage direct contact between nationals and companies of the other Party and end-users and other customers of their goods and services, and with agencies and organizations whose decisions will affect potential sales. The Parties will permit and encourage direct sales between U.S. nationals and companies and Czechoslovak economic entities.

10. Each Party shall permit nationals and companies of the other Party to conduct market studies, either directly or by contract, within its territory. To facilitate the conduct of market research, each Party shall upon request make available non-confidential, non-proprietary information within its possession to nationals and companies of the other Party engaged in such efforts.

11. Each Party shall provide access to governmentally provided services on a national treatment basis, including public utilities, to nationals and companies of the other Party in connection with the operations of their commercial representations.

12. Neither Party shall impose measures which unreasonably impair contractual or property rights or other interests acquired within its territory by nationals and companies of the other Party.

ARTICLE VI.

TRADE IN SERVICES

1. The Parties recognize the growing economic significance of service industries and agree to consult on matters affecting the conduct of service business between the two countries and on particular matters of mutual interest relating to individual service sectors with the objective of attaining maximum possible market access.

2. Services subject to existing bilateral agreements, such as civil aviation, and services subject to ongoing negotiations, such as maritime transportation, will be, or will remain, subject to their respective agreements.

3. Provisions elsewhere in this Agreement relating to trade promotion, business facilitation, commercial representation, transfers and convertibility, shall apply to services as appropriate.

ARTICLE VII.
TRANSPARENCY

1. Each Party shall make available publicly, on a timely basis, all laws and regulations, judicial decisions, and administrative rulings of general application related to commercial activity, including trade, investment, taxation, banking, insurance and other financial services, transport and labor. Each Party shall also endeavor to provide such information in reading rooms in its own capital and in the capital of the other Party.

2. Each Party shall provide nationals and companies of the other Party with access to available non-confidential, non-proprietary data on the national economy and individual sectors, including information on foreign trade.

3. Without prejudice to either Party's obligations and rights set forth in the Agreement on Technical Barriers to Trade, each Party shall allow nationals and companies of the other Party the opportunity, to the extent practicable, to comment on the formulation of rules and regulations which affect the conduct of business activities, including, inter alia, the setting of standards and technical regulations.

ARTICLE VIII.

GOVERNMENT COMMERCIAL OFFICES

1. Subject to its laws governing foreign missions, each Party shall allow government commercial offices to hire directly host-country nationals and, subject to immigration laws and procedures, third-country nationals.

2. Each Party shall ensure unhindered access of host-country nationals to government commercial offices of the other Party.

3. Each Party shall encourage the participation of its nationals and companies in the activities of their respective government commercial offices, especially with respect to events held on the premises of such commercial offices.

4. Each Party shall encourage and facilitate access by government commercial office personnel of the other Party to host-country officials at both the federal and subfederal level, and representatives of nationals and companies of the host Party.

5. This Agreement shall not derogate from obligations, reassumed by either Party concerning the establishment of existing government commercial offices.

ARTICLE IX.

FINANCIAL PROVISIONS RELATING TO TRADE IN PRODUCTS AND SERVICES

1. All commercial transactions between nationals or companies of the Parties shall be made in United States dollars, or any other currency that may be designated from time to time by the International Monetary Fund as being a freely usable currency unless otherwise agreed between the parties to individual transactions.
2. Neither Party shall restrict the export from its territory of convertible currencies or deposits, or instruments representative thereof, obtained in an authorized manner in connection with trade in products and services by nationals or companies of the other Party.

3. Expenditures in the territory of a Party by nationals and companies of the other Party may be made in local currency received in an authorized manner.

4. In connection with trade in products and services, each party shall grant to nationals and companies of the other Party on-discriminatory treatment with respect to:

(a) opening and maintaining accounts in both local and foreign currency, and having access to funds deposited, in financial institutions located in the territory of the Party;

(b) payments, remittances and transfers of convertible currencies, or financial instruments representative thereof, between the territories of the two Parties, as well as between the territory of that Party and that of any third country; and

(c) rates of exchange and related matters.

ARTICLE X.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

1. Both Parties agree to provide adequate and effective protection and enforcement for patents, trademarks, copyrights, trade secrets and layout designs for integrated circuits. Each Party reaffirms its commitments to those international agreements relating to intellectual property to which both Parties are signatories.

2. Each Party reaffirms the commitments made with respect to industrial property in the Paris Convention for the Protection of Industrial Property of March 20, 1883, as revised at Stockholm on July 14, 1967.


4. To provide adequate and effective protection and enforcement of intellectual property rights, each Party shall, inter alia,:

(a) Provide copyright protection for computer programs and databases as literary works under its copyright laws.

(b) Extend the term of protection for audiovisual works to at least fifty years from the date the work is made public.

(c) Provide protection for sound recordings for a term of at least fifty years from publication, and shall provide rights to prevent unauthorized distribution, reproduction and importation. In addition, the terms of such protection shall permit the owner of rights in the sound recording to prevent the unauthorized rental of a copy of the sound recording, notwithstanding the purchase of the sound recording.
(d) Provide protection for integrated circuit layout designs.

(e) Provide product and process protection for all areas of technology (except the Parties may exclude materials useful solely in atomic weapons).

(f) Provide comprehensive protection for trade secrets.

5. The Parties agree to submit to their respective legislative bodies no later than December 31, 1991 the necessary to carry out the obligations of this Agreement and to exert their best efforts to enact and implement this legislation by that date.

ARTICLE XI.

IMPORT RELIEF

1. The Parties agree to consult promptly at the request of either Party whenever either actual or prospective imports of products originating in the territory of the other Party cause or threaten to cause or significantly contribute to market disruption. Market disruption exists within a domestic industry whenever imports of an article, like or directly competitive with an article produced by such domestic industry, are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat thereof, to such domestic industry.

2. Determination of market disruption or threat thereof by the importing Party shall be based upon a good faith application of its laws and on an affirmative finding of relevant facts and on their examination. The importing Party, in determining whether market disruption exists, may consider, among other factors: the volume of imports of the merchandise which is the subject of the inquiry; the effect of imports of the merchandise on prices in the territory of the importing Party for like or directly competitive articles; the impact of imports of such merchandise on domestic producers of like or directly competitive articles; and evidence of disruptive pricing practices or other efforts to unfairly manage trade patterns.

3. The consultations provided for in paragraph 1 of this Article shall have the objectives of Article shall have the objectives of (a) presenting and examining the factors relating to such imports that may be causing or threatening to cause or significantly contributing to market disruption, and (b) finding means of preventing or remedying such market disruption. Such consultations shall be concluded within sixty days from the date of the request for such consultation, unless the Parties otherwise agree.

4. Unless a different solution is mutually agreed upon during the consultations, the importing Party may (a) impose quantitative import limitations, tariff measures or any other restrictions or measures to such extent and for such a time as it deems necessary to prevent or remedy threatened or actual market disruption, and (b) take appropriate measures to ensure that imports from the territory of the other Party comply with such quantitative limitations or other restrictions. In this event, the other Party shall be free to deviate from its obligations under this Agreement with respect to substantially equivalent trade.

5. Where in the judgment of the importing Party, emergency action, which may include the existence of critical circumstances, is necessary to prevent or remedy such market disruption, the
importing Party may take such action at any time and without prior consultations provided that such consultations shall be requested immediately thereafter.

6. Each Party shall ensure that its domestic procedures for determining market disruption are transparent and afford affected parties an opportunity to submit their views.

7. The Parties acknowledge that the elaboration of the market disruption safeguard provisions in this Article is without prejudice to the right of either Party to apply laws applicable to unfair trade, including antidumping and countervailing duty laws.

ARTICLE XII.

NATIONAL SECURITY

The provisions of this Agreement shall not limit the right of either Party to take any action for the protection of its security interests.

ARTICLE XIII.

EXCEPTIONS

1. Nothing in this Agreement shall be construed to prohibit any action by either Party which is required or specifically permitted by the GATT.

2. 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 prohibit:

   (a) measures for the protection of intellectual property rights and for the prevention of deceptive practices as set out in Article X of this Agreement (and the related side letter); provided that such measures shall be related to the extent of any injury suffered or the prevention of such injury; and

   (b) any other measure for reasons contemplated by Article XX of the GATT, provided that the term 'Agreement' in paragraph (d) of Article XX of the GATT shall be construed to refer to this Agreement.

3. Trade in products or services between the Parties subject to existing bilateral or multilateral agreements (or ongoing negotiations) in specific sectors, such as steel, textiles or civil aviation, shall be, or shall remain, subject to the terms of any such agreement.

4. Each Party reserves the right to deny to any company the advantages of this Agreement if nationals of any third country control such company and, in the case of a company of the other Party, that company has no substantial business activities in the territory of the other Party or is controlled by nationals of a third country with which the denying Party does not maintain normal economic relations.

ARTICLE XIV.

DISPUTE SETTLEMENT
1. Nationals and companies of either Party shall be accorded national treatment with respect to access to all courts and administrative bodies in the territory of the other Party, as plaintiffs, defendants or otherwise. They shall not claim or enjoy immunity from suit or execution of judgment, proceedings for the recognition and enforcement of arbitral awards or other liability in the territory of the other Party with respect to commercial transactions; they also shall not claim or enjoy immunities from taxation with respect to commercial transactions, except as may be provided in other bilateral agreements.

2. The Parties encourage the adoption of arbitration for the settlement of disputes arising out of commercial transactions concluded between nationals or companies of the United States of America and of Czechoslovakia. Such arbitration may be provided by agreements in contracts between such nationals or companies, or in separate written agreements between them.

3. The parties may provide for arbitration under any internationally recognized arbitration rules, including the UNCITRAL Rules, in which case the parties should designate an Appointing Authority under said Rules in a country other than the United States of America or Czechoslovakia.

4. Unless otherwise agreed between the parties, the parties should specify as the place of arbitration a country other than the United States of America or Czechoslovakia, that is a party to the 1958 U.N. Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

5. Nothing in this Article shall be construed to prevent, and the Parties shall not prohibit, the parties from agreeing -upon any other form of arbitration or dispute settlement which they mutually prefer and agree best suits their particular needs. 6. Each Party shall ensure that an effective means exists .within its territory for the recognition and enforcement of arbitral awards.

ARTICLE XV.

CONSULTATIONS

1. The Parties shall, in accordance with their respective policies and objectives, cooperate bilaterally and at the international level in the solution of commercial problems of common interest.

2. The Parties agree to set up a Joint Commercial Commission which will, subject to the terms of reference of its establishment, foster economic cooperation and the expansion of trade under this Agreement, and review periodically the operation of this Agreement and make recommendations for achieving its objectives.

3. The Parties agree to consult promptly through appropriate channels at the request of either Party to discuss any matter concerning the interpretation or implementation of this Agreement or other relevant aspects of the relations between the Parties.

ARTICLE XVI.

AREAS FOR FURTHER ECONOMIC COOPERATION

1. For the purpose of further developing bilateral trade and providing for a steady increase in exchange of products and services, both Parties shall strive to achieve mutually acceptable
agreements on taxation and investment issues, including the repatriation of profits and transfer of capital.

2. The Parties shall take appropriate steps to foster economic cooperation on as broad a base as possible in all fields deemed to be in their mutual interest, including with respect to statistics and standards. Among the objectives of such cooperation shall be:

- the development and prosperity of the Czechoslovak and American economies and standards of living,
- the encouragement of scientific and technological programs,
- the creation of new employment opportunities,
- the protection and improvement of the environment.

ARTICLE XVII.

DEFINITIONS

1. For purposes of this Agreement,

(a) "company" of a Party means any kind of corporation, association, state enterprise, cooperative or other organization, legally constituted under the laws and regulations of a Party or a political subdivision thereof whether or not organized for pecuniary gain, or privately or governmentally owned;

(b) "economic entity" means natural and juridical persons, including nationals and companies, entitled, according to Czechoslovak law, to carry out foreign trade activities;

(c) "commercial representation" means an organizational component part of a Party's company established in accordance with the laws of the respective Party;

(d) "non-discriminatory treatment" or "nondiscrimination" means the better of national treatment or most-favored-nation treatment;

(e) "national treatment," when applied to a company or means that treatment which is at least as favorable as the most favorable treatment accorded by a Party to companies or nationals of that Party in like circumstances.

ARTICLE XVIII.

ENTRY INTO FORCE, TERM, SUSPENSION AND TERMINATION

1. This Agreement (including Side Letters which are an integral part of the Agreement) shall enter into force on the date of exchange of written notices of acceptance by the two Governments and shall remain in force as provided in paragraphs 2 and 3 of this Article.

2. (a) The initial term of this Agreement shall be three years, subject to subparagraphs (b) and (c) of this paragraph.
(b) If either Party encounters or foresees a problem concerning its domestic legal authority to carry out any of its obligations under this Agreement, such Party shall request immediate consultations with the other Party. Once consultations have been requested, the other Party shall enter into such consultations as soon as possible concerning the circumstances that have arisen with a view to finding a solution to avoid action under subparagraph (c).

(c) If either Party does not have domestic legal authority to carry out its obligations under this Agreement, either Party may suspend the application of this Agreement or, with the agreement of the other Party, any part of this Agreement. In that event, the Parties will, to the fullest extent practicable and consistent with domestic law, seek to minimize disruption to existing trade relations between the two countries.

3. This Agreement shall be extended for successive terms of three years each unless either Party has given written notice to the other Party of its intent to terminate this Agreement at least 30 days prior to the expiration of the then current term.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Washington, D.C. on April Twelfth, 1990, in duplicate, in the English and Czech languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE THE UNITED STATES OF AMERICA

FOR THE GOVERNMENT OF THE REPUBLIC CZECHOSLOVAK FEDERATIVE

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

Dear Mr. Minister:

I have the honor to confirm the following understanding reached between the delegations of the Czechoslovak Federative Republic and the United States of America in the course of negotiating the Agreement on Trade Relations signed on this day.

State-to-State Trade Agreements
With reference to paragraph 1 of Article II, the Government of Czechoslovakia confirms its policy to reduce the role in its foreign trade of state-to-state trade agreements which provide for imports of specified quantities of goods.

Commercial Representations
The Government of Czechoslovakia will make every effort to ensure prompt passage of its proposed legislation changing the authorization process for commercial representations to a simple registration process. If these legislative proposals do not become law by December 31, 1990, the Government of Czechoslovakia agrees to consult with the Government of the United States in order to agree on appropriate measures to realize the intent of this understanding.
Registration to Engage in Foreign Trade
Both Parties affirm their intention to promote the broadest possible opportunities for direct trade between their nationals and companies.

In order to meet this objective, the Government of Czechoslovakia confirms its policy to liberalize completely but gradually the Czechoslovak foreign trade system including the complete but gradual replacement of the authorization requirement for economic entities engaging in foreign commerce with a simple registration procedure.

The first measures in this respect will be taken on as broad a basis as possible in the amendment to the existing law which will be submitted by the Government of Czechoslovakia to the Federal Assembly in a short time and the Government will exert its best efforts to obtain enactment of and to implement the change no later than July 1, 1990.

The successive substantial changes will follow along with the transition of the Czechoslovak economy towards an economy based on the principles of market economy during the year 1991.

If the simple registration system has not been implemented by September 30, 1991, the Government of Czechoslovakia will consult with the Government of the United States, in accordance with Article XV, in order to agree on appropriate measures to realize the intent of this understanding.

In addition, the Government of Czechoslovakia will seek to expedite the approval of requests for authorization or registration in order not to impede the expansion of trade between the two countries.

Financial Provisions
As part of its economic liberalization process, the Government of Czechoslovakia intends to make its currency convertible as soon as possible. Until the Czechoslovak currency becomes freely convertible, the Government of Czechoslovakia, for purposes of this Agreement, will provide access to freely convertible currencies, including through auctions, on a most-favored-nation basis.

State Enterprises
The Parties recognize that Czechoslovakia has entered a period of dynamic political and economic change and that the economy of Czechoslovakia is in transition towards an economy based on the principles of market economy and free trade and that it is the policy of the Government of Czechoslovakia to diminish rapidly the role of state enterprises in the Czechoslovak economy.

The Government of Czechoslovakia maintains that state enterprises which engage in the purchase and sale involving either imports or exports of products or services are autonomous, profit-oriented and risk-taking entities and act independently from the State, which does not exercise control over them. The Government of Czechoslovakia further maintains that state ownership per se does not confer special powers or privileges since the state-owned enterprises operate in a competitive environment and act in a non-discriminatory manner in accordance with commercial principles and do not have the ability by their buying and selling to influence the level or direction of imports and exports.
It is understood that, with respect to international trade, state enterprises shall operate in accordance with the relevant provisions of the GATT, including, without limitation, Articles II, XI, XII, XIII, and XIV.

I have the honor to propose that this understanding be treated as an integral part of the Agreement on Trade Relations between our two countries signed on this day. I would be grateful if you would confirm that this understanding is shared by your government.

Sincerely,

Carla A. Hills

Dr. Andrej Barcak
Minister of Foreign Trade

Washington 12 April 1990

Dear Ambassador Hills:

I have the honor to confirm receipt of your letter which reads as follows:

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I have the honor to confirm the following understanding reached between the delegations of the Czechoslovak Federative Republic and the United States of America in the course of negotiating the Agreement on Trade Relations signed on this day.

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It is understood that, with respect to international trade, state enterprises shall operate in accordance with the relevant provisions of the GATT, including, without limitation, Articles II, XI, XII, XIII, and XIV.

I have the honor of confirming that my Government shares this understanding, and that this exchange of letters constitutes an integral part of that Agreement.
Dear Mr. Minister:

In connection with the signing on this date of the Agreement on Trade Relations between the Government of the United States of America and the Czechoslovak Federative Republic, I have the honor to advise you that it is my understanding that, to fulfill the obligations under Article X of the Agreement, your Government intends to incorporate the following principles in your national legislation on intellectual property.

A. Copyright Protection for Computer Programs

Copyright protection for computer programs shall extend to all types of computer programs including application programs and operating systems which may be expressed in any language, whether in source or object code and regardless of their medium of fixation.

The duration and level of protection for computer programs shall be consistent with that provided to other literary works.

Limitations on rights expressly permitted to apply to literary works under the Berne Convention for the Protection of Literary and Artistic Works (Paris 1971) shall also be made applicable to computer programs. In addition, owners of a copy of a computer program shall be provided the right to make or authorize the making of a single copy or adaptation of that computer program provided:

(a) that such new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner; or

(b) that such a new copy or adaptation is for archival purposes only and that all archival copies are destroyed in the event that continued possession of the computer program should cease to be rightful.

B. Protection of Integrated Circuit Layout Designs

Protection shall be granted for any original layout design incorporated in a semiconductor integrated circuit chip, however the layout design might be fixed or encoded.
Protection need not be provided to layout designs that are commonplace in the integrated circuit industry at the time of their creation or to layout designs that are exclusively dictated by the functions of the integrated circuit to which they apply.

Protection may be conditioned on fixation or registration. If protection is conditioned on registration of the layout design, applicants will be given at least two years from first commercial exploitation of the layout design in which to apply for registration. If deposits of identifying material or other material related to the layout design are required, applicants shall not be required to disclose confidential or proprietary information unless it is essential to allow identification of the layout design.

The term of protection shall extend for at least ten years from the date of first commercial exploitation or the date of registration, if required, whichever is earlier.

The owner of the layout designs must be provided the exclusive right to do or to authorize the doing of the following:

(a) reproduce the layout design;

(b) incorporate the layout design in a semiconductor integrated circuit chip; and

(c) import or distribute a semiconductor integrated circuit chip incorporating the layout design including products incorporating such chips.

Limitations on the layout design owner’s exclusive rights may be implemented solely through non-exclusive compulsory or non-voluntary licenses and only to remedy an adjudicated violation of competition laws or to address, only during its existence, a declared national emergency. A government may use semiconductor integrated circuit layout designs for governmental purposes on a non-exclusive basis. Compensation commensurate with the market value for a license of the semiconductor integrated circuit layout design must be provided when the government uses a layout design for government purposes or provides for or orders the issuance of compulsory or non-voluntary licenses during a declared national emergency. Decisions to grant compulsory or non-voluntary licenses and the compensation provided shall be subject to judicial review.

The following acts may be exempted from liability under the law:

(a) reproduction of a layout design for purposes of teaching, analysis, or evaluation in the course of preparation of a layout design that is itself original;

(b) importation and distribution of semiconductor integrated circuit chips, incorporating a protected layout design which were sold by or with the consent of the owner of the layout design; and

(c) importation or distribution of a semiconductor integrated circuit chip incorporating a protected layout design by a person who establishes that he or she did not know, and had no reasonable grounds to believe, that the layout design was protected, provided that such person is liable for reasonable royalties after notice is received.

C. Patent Protection
Czechoslovakia will provide a patent term of at least 20 years from filing.

Limitations on the patent owner’s exclusive rights may be implemented solely through non-exclusive compulsory licenses or non-voluntary licenses and only to remedy an adjudicated violation of competition laws or to address, only during its existence, a declared national emergency. The government may use patents for governmental purposes on a non-exclusive basis provided that such use does not substantially prejudice the legitimate economic interests of the patent owner. Compensation commensurate with the market value for a license of the patent must be provided when the government uses a patent or provides for, or orders the issuance of, compulsory or non-voluntary licenses during a declared national emergency. Decisions to grant compulsory or non-voluntary licenses and the compensation provided shall be subject to judicial review.

Czechoslovakia will endeavor to provide transitional protection for products not currently patentable under Czechoslovak law which have the following characteristics:

(a) the product will be patentable in Czechoslovakia upon enactment of the proposed amendments to the patent law;

(b) a patent has been issued for the product in a country which currently grants product patents for that class of inventions; and

(c) the product has not been marketed in Czechoslovakia.

Czechoslovakia will examine the best means to implement such transitional protection. It is Czechoslovakians intention to provide owners of products meeting these criteria the right to obtain an exclusive registration to produce and market the product in Czechoslovakia if the patent owner applies for Czechoslovak marketing approval within six months of obtaining the first marketing approval in any country and if the product meets Czechoslovak requirements for marketing approval. The term of the exclusive right to market and produce in Czechoslovakia shall be the same as the unexpired term of the patent in the country of original registration.

D. Protection of Trade Secrets

Protection will be provided for trade secrets, whether such a trade secret is of a technical or commercial nature, provided that it:

(a) has actual or potential commercial value from not being known to the relevant public;

(b) is not readily accessible in a lawful manner; and

(c) has been subject to reasonable efforts, under the circumstances, by the rightful owner to maintain its secrecy.

The appropriation, disclosure, and use of trade secrets without the consent of the owner shall be unlawful.

Protection to trade secrets shall be available so long as the conditions set forth above are met.
The voluntary licensing of trade secrets shall not be impeded or discouraged by the imposition of excessive or discriminatory conditions on such licenses or conditions which dilute the value of the trade secrets.

If the Government of Czechoslovakia requires that trade secrets be submitted to carry out governmental functions, then that trade secret shall not be used for the commercial or competitive benefit of the government or of any person other than the owner of the trade secret, except with the owner's consent, on payment of the reasonable value of the use, or if a reasonable period of exclusive use is given to the trade secret owner.

The Parties may disclose such trade secrets, or require that the owner of the trade secrets disclose them to third parties, only with the owner's consent or to the degree required to carry out necessary government functions; or to protect human health or safety or to protect the environment when the owner is given an opportunity to enter into confidentiality agreements with any nongovernmental agency receiving the trade secrets to prevent further disclosure.

I have the further honor to communicate to you my Understanding that this letter and your letter of confirmation in reply, constitute an integral part of the Agreement.

Sincerely,

Carla A. Hills

1- "Trade secrets" include any formula, device, compilation of information, computer program, pattern, technique or process that is used or could be used in the trade secret owner's business and has actual or potential economic value from not being generally known to competitors or in the relevant industry.

Dr. Andrej Barcak
Minister of Foreign Trade

Washington 12 April 1990

Dear Ambassador Hills:

I have the honor to confirm receipt of your letter which reads as follows:

Dear Mr. Minister:

In connection with the signing on this date of the Agreement on Trade Relations between the Government of the United States of America and the Czechoslovak Federative Republic, I have the honor to advise you that it is my understanding that, to fulfill the obligations under Article X of the
Agreement, your Government intends to incorporate the following principles in your national legislation on intellectual property.

A. Copyright Protection for Computer Programs

Copyright protection for computer programs shall extend to all types of computer programs including application programs and operating systems which may be expressed in any language, whether in source or object code and regardless of their medium of fixation.

The duration and level of protection for computer programs shall be consistent with that provided to other literary works.

Limitations on rights expressly permitted to apply to literary works under the Berne Convention for the Protection of Literary and Artistic Works (Paris 1971) shall also be made applicable to computer programs. In addition, owners of a copy of a computer program shall be provided the right to make or authorize the making of a single copy or adaptation of that computer program provided:

(a) that such new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner; or

(b) that such a new copy or adaptation is for archival purposes only and that all archival copies are destroyed in the event that continued possession of the computer program should cease to be rightful.

B. Protection of Integrated Circuit Layout Designs

Protection shall be granted for any original layout design incorporated in a semiconductor integrated circuit chip, however the layout design might be fixed or encoded.

Protection need not be provided to layout designs that are commonplace in the integrated circuit industry at the time of their creation or to layout designs that are exclusively dictated by the functions of the integrated circuit to which they apply.

Protection may be conditioned on fixation or registration. If protection is conditioned on registration of the layout design, applicants will be given at least two years from first commercial exploitation of the layout design in which to apply for registration. If deposits of identifying material or other material related to the layout design are required, applicants shall not be required to disclose confidential or proprietary information unless it is essential to allow identification of the layout design.

The term of protection shall extend for at least ten years from the date of first commercial exploitation or the date of registration, if required, whichever is earlier.

The owner of the layout designs must be provided the exclusive right to do or to authorize the doing of the following:

(a) reproduce the layout design;

(b) incorporate the layout design in a semiconductor integrated circuit chip; and
(c) import or distribute a semiconductor integrated circuit chip incorporating the layout design including products incorporating such chips.

Limitations on the layout design owner’s exclusive rights may be implemented solely through non-exclusive compulsory or non-voluntary licenses and only to remedy an adjudicated violation of competition laws or to address, only during its existence, a declared national emergency. A government may use semiconductor integrated circuit layout designs for governmental purposes on a non-exclusive basis. Compensation, commensurate with the market value for a license of the semiconductor integrated circuit layout design must be provided when the government uses a layout design for government purposes or provides for or orders the issuance of compulsory or non-voluntary licenses during a declared national emergency. Decisions to grant compulsory or non-voluntary licenses and the compensation provided shall be subject to judicial review.

The following acts may be exempted from liability under the law:

(a) reproduction of a layout design for purposes of teaching, analysis, or evaluation in the course of preparation of a layout design that is itself original;

(b) importation and distribution of semiconductor integrated circuit chips, incorporating a protected layout design which were sold by or with the consent of the owner of the layout design; and

(c) importation or distribution of a semiconductor integrated circuit chip incorporating a protected layout design by a person who establishes that he or she did not know, and had no reasonable grounds to believe, that the layout design was protected, provided that such person is liable for reasonable royalties after notice is received.

C. Patent Protection

Czechoslovakia will provide a patent term of at least 20 years from filing.

Limitations on the patent owner’s exclusive rights may be implemented solely through non-exclusive compulsory licenses or non-voluntary licenses and only to remedy an adjudicated violation of competition laws or to address, only during its existence, a declared national emergency. The government may use patents for governmental purposes on a non-exclusive basis provided that such use does not substantially prejudice the legitimate economic interests of the patent owner. Compensation commensurate with the market value for a license of the patent must be provided when the government uses a patent or provides for, or orders the issuance of, compulsory or non-voluntary licenses during a declared national emergency. Decisions to grant compulsory or nonvoluntary licenses and the compensation provided shall be subject to judicial review.

Czechoslovakia will endeavor to provide transitional protection for products not currently patentable under Czechoslovak law which have the following characteristics:

(a) the product will be patentable in Czechoslovakia upon enactment of the proposed amendments to the patent law;

(b) a patent has been issued for the product in a country which currently grants product patents for that class of inventions; and
(c) the product has not been marketed in Czechoslovakia.

Czechoslovakia will examine the best means to implement such transitional protection. It is Czechoslovakians intention to provide owners of products meeting these criteria the right to obtain an exclusive registration to produce and market the product in Czechoslovakia if the patent owner applies for Czechoslovak marketing approval within six months of obtaining the first marketing approval in any country and if the product meets Czechoslovak requirements for marketing approval. The term of the exclusive right to market and produce in Czechoslovakia shall be the same as the unexpired term of the patent in the country of original registration.

D. Protection of Trade Secrets

Protection will be provided for trade secrets, whether such a trade secret is of a technical or commercial nature, provided that it:

(a) has actual or potential commercial value from not being known to the relevant public;

(b) is not readily accessible in a lawful manner; and

(c) has been subject to reasonable efforts, under the circumstances, by the rightful owner to maintain its secrecy.

The appropriation, disclosure, and use of trade secrets without the consent of the owner shall be unlawful.

Protection of trade secrets shall be available so long as the conditions set forth above are met.

The voluntary licensing of trade secrets shall not be impeded or discouraged by the imposition of excessive or discriminatory conditions on such licenses or conditions which dilute the value of the trade secrets.

If the Government of Czechoslovakia requires that trade secrets be submitted to carry out governmental functions, then that trade secret shall not be used for the commercial or competitive benefit of the government or of any person other than the owner of the trade secret, except with the owner's consent, on payment of the reasonable value of the use, or if a reasonable period of exclusive use is given to the trade secret owner.

The Parties may disclose such trade secrets, or require that the owner of the trade secrets disclose them to third parties, only with the owner's consent or to the degree required to carry out necessary government functions; or to protect human health or safety or to protect the environment when the owner is given an opportunity to enter into confidentiality agreements with any non-governmental agency receiving the trade secrets to prevent further disclosure.

1. "Trade secrets" include any formula, device, compilation of information, computer program, pattern, technique or process that is used or could be used in the trade secret owner's business and has actual or potential economic value from not being generally known to competitors or in the relevant industry.
I have the honor to confirm that my Government shares this understanding, and that this exchange of letters constitutes an integral part of the Trade Agreement mentioned above.

Sincerely,

Andrej Barcak
Minister of Foreign Trade
Government of the Czechoslovak Federative Republic

UNITED STATES DEPARTMENT OF COMMERCE
United States Travel and Tourism Administration
Washington, D.C. 20230

Dear Mr. Minister:

I have the honor to confirm the following understanding reached between the delegations of Czechoslovak Federative Republic and the United States of America in the course of negotiating the Agreement on Trade Relations, signed this day.

The Parties recognize the need to encourage and promote the growth of tourism and travel-related investment and trade between the United States of America and Czechoslovakia.

The Parties recognize the benefits to both economies of increased tourism and travel-related investment in and trade between their two territories.

Each Party shall seek permission of the other Party prior to the establishment of official, governmental tourism promotion offices in the other's territory. Permission to open official tourism promotion offices or field offices, shall be as agreed upon by the Parties, and subject to the applicable laws, regulations and policies of the host country. Official tourism offices opened by either Party shall be operated on a noncommercial basis. Official tourism promotion offices and the personnel assigned to them shall not function as agents or principals in commercial transactions, enter into contractual agreements on behalf of commercial organizations or engage in other commercial activities. Such offices shall not sell services to the public or otherwise compete with private sector travel agents or tour operators of the host country. Nothing in this side letter shall obligate either Party to open such offices in the territory of the other.

Private and governmentally-owned commercial tourism enterprises shall be treated as private commercial enterprises fully subject to all applicable laws and regulations of the host country.

Each Party shall ensure, within the scope of its legal authority, that any company owned, controlled or administered by that Party, or any joint venture therewith, which effectively controls a significant portion of the supply of any tourism or travel-related service in the territory of that Party shall provide those services to nationals and companies of the other Party in a fair and equitable manner and on a most-favored-nation basis.
Subject to applicable laws, nationals and companies of the United States and of Czechoslovakia shall be permitted to act as agents for United States, Czechoslovak, and third country providers of tourism and travel-related services in the territory of either Party.

Nothing in this letter or in the Agreement on Trade Relations shall be construed to mean that tourism and travel-related services shall not receive the benefits from that Agreement as fully as all other industries and sectors.

The Parties agree to give consideration to the negotiation of a separate agreement on tourism and travel-related services.

I have the honor to propose that this understanding be treated as an integral part of the Agreement on Trade Relations. I would be grateful if you would confirm that this understanding is shared by your Government.

Sincerely,

Wylie H. Whisonant, Jr.
Deputy Under Secretary

Dr. Andrej Barcak
Minister of Foreign Trade

Washington 12 April 1990

Dear Mr. Whisonant:

I have the honor to confirm receipt of your letter which reads as follows:

Dear Mr. Minister:

I have the honor to confirm the following understanding reached between the delegations of Czechoslovak Federative Republic and the United States of America in the course of negotiating the Agreement on Trade Relations, signed this day.

The Parties recognize the need to encourage and promote the growth of tourism and travel-related investment and trade between the United States of America and Czechoslovakia.

The Parties recognize the benefits to both economies of increased tourism and travel-related investment in and trade between their two territories.

Each Party shall seek permission of the other Party prior to the establishment of official, governmental tourism promotion offices in the other’s territory. Permission to open official tourism promotion offices or field offices, shall be as agreed upon by the Parties, and subject to the applicable laws, regulations and policies of the host country. Official tourism offices opened by
either Party shall be operated on a noncommercial basis. Official tourism promotion offices and the personnel assigned to them shall not function as agents or principals in commercial transactions, enter into contractual agreements on behalf of commercial organizations or engage in other commercial activities. Such offices shall not sell services to the public or otherwise compete with private sector travel agents or tour operators of the host country. Nothing in this side letter shall obligate either Party to open such offices in the territory of the other.

Private and governmentally-owned commercial tourism enterprises shall be treated as private commercial enterprises fully subject to all applicable laws and regulations of the host country.

Each Party shall ensure, within the scope of its legal authority, that any company owned, controlled or administered by that Party, or any joint venture therewith, which effectively controls a significant portion of the supply of any tourism or travel-related service in the territory of that Party shall provide those services to nationals and companies of the other Party in a fair and equitable manner and on a most-favored-nation basis.

Subject to applicable laws, nationals and companies of the United States and of Czechoslovakia shall be permitted to act as agents for United States, Czechoslovak, and third country providers of tourism and travel-related services in the territory of either Party.

Nothing in this letter or in the Agreement on Trade Relations shall be construed to mean that tourism and travel-related services shall not receive the benefits from that Agreement as fully as all other industries and sectors.

The Parties agree to give consideration to the negotiation of a separate agreement on tourism and travel-related services.

I have the honor of confirming that my Government shares this understanding, and that this exchange of letters constitutes an integral part of that Agreement.

Sincerely,

Andrej Barcak
Minister of Foreign Trade
Government of the Czechoslovak Federative Republic

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 49

The Embassy of the United States of America presents its compliments to the Federal Ministry of Foreign Affairs of the Czech and Slovak Federal Republic, and has the honor to propose that the Agreement on Trade Relations between the Government of the United States and the Government
of the Czechoslovak Federative Republic signed at Washington on April 12, 1990, be amended as follows:

Article I, paragraph 2, shall be deleted.

Article XI shall be deleted.

Article XVIII, paragraph 2, shall be revised to read in its entirety:

The initial term of this agreement shall be ten years.

Thereafter it shall remain in force unless terminated in accordance with paragraph 3 of this Article.

Article XVIII, paragraph 3, shall be revised to read in its entirety:

Either party may, by giving one year's written notice to the other party, terminate this agreement at the end of the initial ten-year period or any time thereafter.

Wherever the term "Czechoslovak Federative Republic" appears in the Agreement on Trade Relations it shall be replaced by "Czech and Slovak Federal Republic."

The Embassy of the United States of America has the further honor to propose that this note and the Ministry's note of confirmation shall constitute an agreement between our Governments, which shall enter into force on the date of an exchange of diplomatic notes confirming that the necessary, domestic legal procedures have been completed in each country, and that the contracting parties of the General Agreement on Tariffs and Trade (GATT) have been notified by each country that the suspension of the obligations of the GATT, and the right to undertake such a suspension set out in a declaration of the contracting parties of September 27, 1951, are no longer in effect between our two countries.

The Embassy of the United States of America avails itself of this opportunity to renew to the Federal Ministry of Foreign Affairs of the Czech and Slovak Federal Republic the assurances of its highest consideration.

Embassy of the United States of America,