

COMMERCIAL TREATY BETWEEN THE KINGDOM OF HUNGARY AND THE CZECHOSLOVAK REPUBLIC. SIGNED AT PRAGUE, MAY 31, 1927

THE PRESIDENT OF THE CZECHOSLOVAK REPUBLIC and HIS MOST SERENE HIGHNESS THE REGENT OF HUNGARY have resolved, in order to promote and develop commercial relations between the Czechoslovak Republic and the Kingdom of Hungary, to conclude a Commercial Treaty, and have appointed as their Plenipotentiaries:

THE PRESIDENT OF THE CZECHOSLOVAK REPUBLIC:

Dr. J. FRIEDMANN, Head of the Economic Section of the Ministry of Foreign Affairs;

HIS MOST SERENE HIGHNESS THE REGENT OF HUNGARY:

M. Alfred NICKL DE OPPAVÁR, Counsellor of Legation, Director of the Economic Section of the Royal Hungarian Ministry of Foreign Affairs;

Who, having communicated their full powers found in good and due form, have agreed upon the following Articles:

Article I.

The nationals, ships, boats, goods, natural products or manufactured articles of each of the Contracting Parties shall enjoy in the territory of the other Party treatment as favourable as the nationals, ships, boats, goods, natural products or manufactured articles of any third country.

Article II.

1. As regards establishment and the carrying on of commerce and industry, the nationals of the Contracting Parties shall receive reciprocally treatment as favourable as that of the nationals of any other State.

2. The preceding provisions do not apply to the professions of pharmaceutical chemist or broker, nor to itinerant trading or hawking, nor to cinematographic undertakings.

Article III.

The nationals of each Contracting Party, when proceeding to fairs and markets in the territory of the other Party, shall be treated as nationals of the latter.

Article IV.

1. With regard to their personal legal status, their movable and immovable property, their rights and interests, the nationals of each of the two Contracting Parties shall be reciprocally treated as favourably as the nationals of any third State. They shall be free to transact their business in the territory of the other Party, either personally or through an intermediary of their own choice, without being subject in this respect to any other restrictions than those established by the laws and regulations in force for all in the territory in question.

2. They shall have the right to appear in a court of law, and shall have free access to the authorities of the other Party. For the safeguarding of their interests, they shall be permitted to employ counsel or agents chosen by themselves, without being subject to any other restrictions than the general restrictions established by the laws and regulations in

force in the territory in question, and shall be treated in every respect in the same way as the nationals of any other State.

Article V.

1. Merchants, manufacturers and other business men belonging to either of the two Parties who prove, by producing a business identity card issued by the competent authorities in their own country, that they are authorised to carry on their trade or industry in the said country and that they pay therein the legal charges and taxes, shall have the right to make purchases in the territory of the other Contracting Party from traders or producers or in the open market, either in person or through commercial travellers in their employ. They may also accept orders, even on samples, from merchants or other persons who make use in their trade or business of goods of the same nature as those which are offered, without being required to pay any special charge or duty on this ground.
2. Merchants and industrialists holding business identity cards, and commercial travellers in their employ, shall have the right to carry with them samples or patterns but not goods.
3. Business identity cards shall conform to the specimen appearing in the International Convention relating to the Simplification of Customs Formalities, signed at Geneva on November 3, 1923.
4. The Contracting Parties shall notify each other of the authorities competent to issue business identity cards.
5. Merchants or business men (commercial travellers) holding business identity cards shall not be entitled either to transact business or to represent any one other than the merchants or business men named in the identity card. They may collect orders and make purchases only when travelling.
6. As regards the formalities of every kind to which such merchants or business men (commercial travellers) are subject in the territories of the Contracting Parties, the two Parties guarantee each other treatment as favourable as that which is or may hereafter be granted to any other nation.

Article VI.

Nationals of each of the two Contracting Parties shall be exempt, in the territory of the other Party, from any obligation whatsoever to perform personal military service whether in the land, sea or air forces or in other military institutions or institutions organised on a military basis for the defence of the State and for the maintenance of law and order within the State. They shall also be free from all taxes imposed in lieu of such service.

They shall, however, be subject to contributions other than those representing personal service (such as requisitions, billeting of troops, garnishing of teams, etc.) in the same measure and according to the same rules as nationals.

On the other hand, they shall in no wise be prevented from performing their military duties in their own State.

They shall also be exempt from every obligatory official duty of a judicial, administrative or municipal nature, except the obligation to undertake the guardianship (trusteeship) of their compatriots.

Article VII.

Incorporated companies and other commercial, industrial or financial companies, including insurance companies, as also co-operative societies for purchase, operation, or credit, which have their head offices in the territory of one of the Contracting Parties and are lawfully constituted there in accordance with the laws of that Party, shall equally be entitled in the territory of the other Party to defend all their rights, and especially to appear in the courts of law as plaintiffs and as defendants, provided that they observe the relevant laws and regulations in force in the territory of that Party.

Article VIII.

1. Nationals of each of the Contracting Parties, and also commercial and industrial companies and other associations of the same kind, shall not, in order to carry on their business or industry in the territory of the other Party, be required to pay any taxes, fees, or dues other or higher than those levied on nationals.

2. When dues of any kind are imposed on commercial and industrial concerns, the origin of the goods used by these concerns shall not, in itself, entail heavier taxation.

Article IX.

The admission of incorporated companies and of other commercial and industrial companies lawfully constituted in the territory of one of the Contracting Parties, which may desire, after the coming into force of the present Treaty, to extend their activities into the territory of the other Party, and which may need a special authorisation for this purpose, shall be governed by the laws and regulations in force in the territory of the State concerned. These companies shall, however, in this as in all other respects, enjoy the same rights as similar companies of any third State which are recognised in law.

Article X.

1. The legal treatment of production or transport undertakings, which on November 1, 1918, were constituted in the territory of one of the Contracting Parties and had their head offices in the territory of the other, is regulated by a special Convention forming an integral part of the present Treaty (Annex C).

2. Incorporated companies founded before November 1st, 1918, whose head offices are situated in the territory of one of the two States and which even before that date regularly operated in the territory of the other, must, within three months after the coming into force of the present Treaty, apply to the competent Ministry of the other State for admission, if they have not already done so.

Until a decision is taken with regard to their application, the companies in question shall, by virtue of their former authorisations, be permitted to carry on their business in the former area. These companies shall have to pay admission fees — if such fees are prescribed by the legislation of the State concerned — only on the amount by which the share and debenture capital has been increased since November 1, 1918, and which is to be used for operations in the country in question. Their operations shall be subject to the general regulations in force in the territory of the State in question for all other foreign companies of the same class.

Article XI.

The provisions of the preceding Articles shall not prejudice any laws, ordinances or special regulations relating to commerce, industry, or public order and safety, which are or may hereafter be in force in the territories of the Contracting Parties and applicable to all foreigners in general.

Nationals of one of the two countries shall not be subject to any public impost in respect of their stay in the territory of the other country. In the event of one country levying such imposts, the other country shall have the right to levy them in a like manner.

Article XII.

Internal duties levied on behalf of any authority, which are or may hereafter be imposed upon the production, manufacture or consumption of an article in the territory of one of the Contracting Parties, shall under no pretext be imposed upon the products of the Party in a more burdensome or vexatious manner than on the national products of the same type, or on those originating in another country.

Article XIII.

1. Each of the Contracting Parties shall guarantee to the nationals of the other Party in its territory effective protection against unfair competition and shall in this respect treat them in the same manner as its own nationals.
2. Each of the Contracting Parties undertakes to respect the laws and regulations in force in the territory of the other Party which have been notified to it by the competent authorities in accordance with the rules, and which regulate the use of appellations of local origin including the appellations of districts and countries, of vine-products, beer, mineral waters and products of mineral waters. The importation, exportation, sale and offering for sale, or in general, the putting into circulation of products bearing appellations contrary to these laws and regulations shall be prohibited and punished by appropriate measures.
3. Czechoslovakia binds herself to take appropriate measures with a view to granting, in accordance with the Czechoslovak regulations in force, to spice-paprika (fűszerpaprika) produced in Hungarian territory and imported into the territory of the Czechoslovak Republic and there offered for sale or put into circulation as a specifically Hungarian product, appropriate protection both against adulteration of its quality and false designation of its local origin. With this in view the Hungarian Government shall communicate to the Czechoslovak Government its regulations concerning the protection of paprika.
4. No trade shall be done in Hungary in so-called "Czechoslovak hops", in particular, those designated as "Bohemian hops" ("Žatec hops", "Roudnice hops", "Ústčk hops", "Dubá hops"), or "Moravian hops" ("Tršice hops"), except in those provided with a mark and accompanied by a certificate of genuineness issued by one of the Czechoslovak public marking-offices in accordance with the regulations in force in the Czechoslovak Republic concerning the appellations of the origin of hops. Furthermore, these hops shall be in the original packing, that is to say, in the packing bearing the appellation of origin, stamp and lead seal, in accordance with the said Czechoslovak regulations.

Hungary undertakes to apply to all cases which contravene the stipulations of the preceding paragraph the relevant provisions of Law No. XLVI of the year 1895. If Hungary should substitute other legal provisions for the said Law, protection at least as effective shall be guaranteed to Czechoslovak hops by the new legislation.

5. The Contracting Parties declare themselves prepared to prosecute and punish according to the regulation in force relative thereto any falsifications of the tonnage measurement marks of the other Contracting Party committed in their territory. It is hereby understood that reciprocity, where these regulations demand it, shall be regarded as guaranteed.

Article XIV.

1. Merchandise, natural products or manufactured articles of one of the Parties shall not, on their importation into the territory of the other Party, be subject to other or less favourable treatment than that granted to any other country, and especially, they shall not be subject to any duties or taxes — including all supplementary taxes and surtaxes — other or higher than those which are levied on the products or goods of any other country.
2. Articles manufactured in the territory of one of the Contracting Parties under the system of temporary admission, by working up foreign materials, shall also be considered as industrial products of that Party.
3. On exportation to the territory of the other Party no Customs duties or taxes shall be levied other or higher than on the exportation of the same goods to any third State.
4. In all other respects each of the Contracting Parties furthermore undertakes not to subject imports from and exports to the other Party to treatment other or less favourable than that accorded to any other State.
5. This clause applies especially to the application of Customs regulations, to the treatment of goods passing through the Customs, to the mode of checking and analysing imported goods, to the conditions of payment of Customs duties and taxes, to the classification and interpretation of the tariffs, and to the exploitation of monopolies.
6. The provisions of this Article shall not apply to special privileges granted to adjacent States to facilitate local frontier traffic between the inhabitants of the frontier zones.

Article XV.

The import duties in Czechoslovakia on the natural products or manufactured articles originating or produced in Hungary, enumerated in Annex A to the present Treaty, and the import duties in Hungary on the natural products or manufactured articles originating or produced in Czechoslovakia, enumerated in Annex B to the present Treaty, shall not exceed the rates specified in those Annexes.

The Customs duties of the Czechoslovak tariff and those fixed in Annex A to the present Treaty are expressed in Czechoslovak crowns.

If the rate of the Czechoslovak crown, compared with the average rate during the year 1925 for the same crown in terms of the dollar or of the pound sterling or of the average of the rates of these two currencies, should show a rise or fall of at least 10 % on the average exchange during one whole month, the Czechoslovak Government shall introduce an exchange coefficient so that the duties, general or conventional, may maintain a constant value with reference to the average rate of the said currencies in the year 1925.

In order to maintain this constant level in the value of the Customs duties, the Czechoslovak Government shall, if necessary, modify the exchange coefficient at least once in a period of one month.

In determining the rates of exchange, the Czechoslovak Government shall rely upon the quotations of the Prague, New-York, or London Stock Exchanges.

The Customs duties of the Hungarian tariff and those fixed in Annex B to the present Treaty are expressed in gold.

Article XVI.

The Contracting Parties agree, in their reciprocal relations, to apply the provisions of the International Convention relating to the Simplification of Customs Formalities, concluded at Geneva on November 3, 1923.

Article XVII.

As regards transit across their territories the two Contracting Parties shall in their reciprocal relations apply the provisions of the Convention and Statute on Freedom of Transit, signed at Barcelona on April 20, 1921.

Article XVIII.

Hungary guarantees entire freedom from Customs duties and other taxes to Czechoslovak consignments in transit crossing Hungarian territory over the Drégelypalánk-Ipolytarnóc section in divided traffic, i.e., to combined traffic by public highway and by rail, which for this purpose is despatched from or may be delivered at Hungarian railway stations situated on the said line.

Czechoslovakia likewise guarantees entire freedom from Customs duties and other taxes to Hungarian consignments in transit, crossing Czechoslovak territory over the Pastuchov-Šahy and Výlok-Čop-Slovenské Nové Mesto sections in divided traffic, i.e., to combined traffic by public highway and by rail which for this purpose is despatched from or may be delivered at the Czechoslovak railway stations situated on the said lines.

This privileged traffic shall only be allowed on those Customs routes on which there are Customs posts on both sides.

The officials of the frontier Customs posts of either of the Contracting Parties, if holding identity-cards in proper order, shall be permitted to accompany consignments in transit through the territory of the other Contracting Party from the frontier to the railway station and in the reverse direction, and to discharge Customs formalities in the foreign station in question.

The details of this privileged traffic shall be settled by agreement between the Customs administrations on both sides.

The two Governments are prepared to establish by agreement, and to permit where necessary, similar traffic on other partial routes on the frontier.

Article XIX.

1. Between the territories of the two Contracting Parties there shall be reciprocal freedom of commerce and navigation.

2. The Contracting Parties, however, reserve the right to prohibit or restrict imports and exports in the following cases, provided that such prohibitions or restrictions at the same time apply to all other countries in a like situation:

(a) For reasons of the security of the State and of public safety;

(b) For reasons considered valid by the medical and veterinary authorities and for the purpose of protecting animals and plants against diseases, insects, parasites and other pests of every kind;

(c) For war supplies in exceptional circumstances;

(d) For the benefit of State monopolies which are at present in force or may in the future be established;

(e) In order to extend to foreign goods prohibitions or restrictions which are or may hereafter be imposed by internal legislation upon the production, sale, consumption or transportation of the like native goods within the country.

Import and export prohibitions and restrictions shall not apply to traffic in goods declared free of import and export duties by virtue of Article XX, No. 1 (a) and (b) and No. 2.

Article XX.

1. Temporary exemption from import and export duties shall be conceded to the following goods when imported under the system of temporary admission, on the conditions prescribed by the Customs laws of the Contracting Parties:

(a) Articles for repair;

(b) External packings of every kind which have already been used and which at the time of the importation of goods were despatched from the territory of one of the Contracting Parties into the territory of the other to be re-exported full or empty, or which have been re-imported after having been exported full or empty, whenever these packings are not free of Customs duty or, according to the regulations relative to tare, are not considered to form part of the goods themselves, or are not subject to any special treatment by virtue of the Customs regulations in force. The independent regulations of the two Parties concerning the temporary admission of sacks of coarse textile material which have already been used and which are exported full and returned empty or which are imported in order to be filled shall not be affected by the above provisions;

(c) Goods, with the exception of articles for consumption, conveyed to markets or fairs or sent to be offered for chance sale elsewhere than in fairs and markets; this applies to all such articles if they are returned unsold within a time-limit to be fixed in advance.

2. With the exception of monopoly articles or articles of consumption, goods intended to serve exclusively as patterns or samples shall not be subject to import and export duties.

Article XXI.

Without prejudice to the provisions of the Convention establishing the definitive Statute of the Danube, signed at Paris on July 23, 1921, relating to the régime of the internationalised Danube system, the following provisions shall apply to inland navigation:

The nationals, goods and flags of each of the Contracting Parties shall enjoy in all respects, in all ports and on all inland waterways of the other Contracting Party, the same treatment as the nationals, goods and flags of the latter Party.

The boats and rafts of each of the Contracting Parties are, in particular, authorised to transport passengers and goods of every kind coming from, or going to, all the ports and public places of embarkation and landing of the other Contracting Party, under conditions which shall not be less favourable than those which apply to the boats and rafts flying the flag of the latter Party.

These boats and rafts shall be treated on a footing of perfect equality with the boats and rafts of the riparian State itself, as regards the use of harbours and public places of embarkation and landing with their equipment and fittings, and also as regards taxes and harbour dues of every kind, irrespective of whether this equipment and these fittings are administered or managed by the State, by municipalities or public corporations, or by private concessionaires.

Taxes and dues may only be exacted for the actual use of the equipment and fittings mentioned above.

Passenger and goods traffic shall not be subject to any restrictions other than those established by the Customs and police regulations, by the sanitary and veterinary regulations, by the emigration and immigration regulations, and by import and export prohibitions or restrictions.

Boats in transit shall pay no tax for convoy or examination. Should a boat be convoyed, however, the owner shall provide free and appropriate lodging on board for the members of the escort, and shall supply the higher officials, at cost price, to be paid in cash, with the usual food of ship's officers, and the subordinate officials with that of ordinary members of the crew.

The reciprocal recognition of tonnage measurement certificates and other ship's papers issued by the competent authorities of the two Contracting Parties shall be regulated by special agreements to be concluded as soon as possible.

The two Contracting Parties undertake to simplify the formalities necessary for Customs and other examinations so as to avoid unnecessary delays.

Article XXII.

The use of highways and other ways, ferries (passage-boats) and bridges, so far as these are open to public traffic, is granted by each Contracting Party to the nationals of the other Party under the same conditions and in return for payment of the same dues and taxes as those payable by its own nationals.

Article XXIII.

The Contracting Parties agree to enter as soon as possible into negotiations with a view to concluding a Convention for the mutual regulation of air traffic.

Article XXIV.

With regard to postal, telegraphic and telephonic relations between the two States, the stipulations of the operative Conventions, Agreements, and executory Regulations of the Universal Postal Union or the Telegraphic Union shall be applied, so far as these relations are not regulated by the provisions of special arrangements which have been or may hereafter be concluded between the respective administrations.

Article XXV.

1. With regard to forwarding and actual transport, fares and public taxes on fares, no difference shall be made between the nationals of the two Contracting Parties in railway passenger and luggage traffic when carried under the same conditions.
2. Goods carried over the railways of both the Contracting Parties, whether in traffic between them or in their traffic with one or more third States, shall not, when the same conditions prevail, be treated less favourably on the railways of the Contracting Parties, either as regards forwarding and actual transport or as regards freights and public taxes levied on freights, than similar goods carried in the internal traffic of either Contracting Party or in the mutual traffic of either Contracting Party with a third State in the same direction and on the same lines.
3. This principle shall equally apply to goods transported by ways of communication other than railways beyond the frontier into the territory of the other Contracting Party and then re-despatched by rail. In this case no distinction shall be drawn between the shipping companies of the Contracting Parties as regards costs of transport by rail, including transshipment charges.
4. All conditions which are contrary to the principles enumerated in the present Article shall be considered null and void.
5. The minimum fares and freights resulting from the application of the principles enumerated in paragraphs 1 and 2 of the present Article shall, at the request of one of the Contracting Parties, be taken as a basis in establishing through rates affecting both countries.
6. The preceding provisions do not apply to reductions in rates granted to charitable or educational institutions, nor to reductions granted in the event of transient public calamities, nor to those granted to public officials or railway officials, nor to those granted to the service traffic of transport undertakings.

Article XXVI.

The provisions dealing with railway transport are to be found in the Convention concerning railway traffic and the Final Protocol drawn up at the time of signing the present Commercial Treaty. The Convention forms an integral part of the present Treaty, and is to be found in the Annex (Annex D).

Article XXVII.

The following special Conventions shall form an integral part of the present Commercial Treaty and shall remain in force as long as this Treaty:

- (a) The Convention concerning the regulation of local frontier traffic (Annex E);
- (b) The Convention regarding mutual assistance in the Customs clearance the prevention, prosecution and punishment of infringements of the Customs regulations, and mutual legal assistance in criminal cases relating to the Customs, including the provisions relating to the union of the Czechoslovak and Hungarian frontier-posts for Customs and passport examination (Annex F);
- (c) The Veterinary Convention concerning the traffic in animals, raw materials of animal origin, and animal products, including the regulations dealing with the disinfecting of railway trucks and of boats (Annex G).

Article XXVIII.

The Contracting Parties undertake to give favourable consideration to the question of the treatment of workers and employees of one of the Parties in the territory of the other in reference to the protection of workers and employees, and to social insurance, in order mutually to guarantee to these workers and employees by appropriate arrangements a treatment which offers them advantages as equal as possible. These arrangements shall be determined by a special convention.

Article XXIX.

The two Contracting Parties agree to reserve for a special consular convention the questions regarding the admission of consuls (consuls-general, consuls, vice-consuls and consular agents) and also their privileges, immunities and jurisdiction.

It is, however, understood that until the conclusion of this convention, the consuls of one of the Contracting Parties shall, after their admission by the other Contracting Party and on condition of reciprocity, enjoy in the territory of the other Party the same privileges, immunities and rights as those which the consuls of any third country enjoy or may hereafter enjoy.

The two Contracting Parties further agree, having regard to the condition of reciprocity, not to concede the privileges, immunities and rights which, in conformity with the most-favoured-nation clause, are to be conceded to the consuls of the one Party in the territory of the other, to a greater extent than that to which they are conceded to the consular representatives of the latter Party in the territory of the former Party.

Article XXX.

1. If disputes should arise between the Contracting Parties with regard to the interpretation or application of the provisions of the present Treaty, the case shall be submitted to arbitration if one of the Parties so demands.
2. The Court of Arbitration shall for each dispute be constituted in such a manner that each of the Parties shall appoint as arbitrators two suitable persons chosen from among its own nationals, and the Contracting Parties shall choose as Chairman a national of a third State. The Contracting Parties reserve the right to come to an agreement in advance and for a specified period, as to the umpire to be nominated.

3. In the first case arising for arbitration the Court of Arbitration shall sit in the territory of the defendant Party, in the second case in the territory of the other Contracting Party, and so on alternately in the territories of one or the other Party. The Party in whose territory the Court of Arbitration is to sit shall choose the place of meeting. It shall be responsible for providing the accommodation and the secretarial and other staff required for the work of the Court. The umpire shall preside over the Court. Decisions shall be taken by majority vote.

4. The Contracting Parties may come to a temporary or permanent agreement as to the procedure of the Court of Arbitration. In default of such agreement the procedure shall be decided by the Court of Arbitration itself. If the two Parties agree thereto, the proceedings may be carried on in writing.

5. As regards the summoning and hearing of witnesses and experts, the authorities of each of the Contracting Parties shall, at the request of the Court of Arbitration, which shall be addressed to the Government concerned, furnish their judicial assistance in the same manner as at the request of the civil courts of the country.

Article XXXI.

The present Treaty shall be ratified as soon as possible. The instruments of ratification shall be exchanged at Budapest. The Treaty shall enter into force fifteen days after the exchange of the instruments of ratification, and shall remain in force until denounced by one of the two Parties. In that case it shall cease to be operative six months from the day when the denunciation was communicated to the other Contracting Party.

Done in duplicate in French at Prague, May the thirty-first, One thousand nine hundred and twenty-seven.

In faith whereof the Plenipotentiaries have signed the present Treaty and have thereto affixed their seals.

(L. S.) (Signed) Dr. Jul. FRIEDMANN.

(L. S.) (Signed) NICKL.

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