

No. 3323

**UNITED STATES OF AMERICA
and
ECUADOR**

**Agreement for a co-operative program of industry. Signed
at Quito, on 30 June 1954**

Official texts: English and Spanish.

Registered by the United States of America on 26 April 1956.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉQUATEUR**

**Accord relatif à un programme de coopération dans l'in-
dustrie. Signé à Quito, le 30 juin 1954**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 26 avril 1956.

No. 3323. AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ECUADOR FOR A CO-OPERATIVE PROGRAM OF INDUSTRY. SIGNED AT QUITO, ON 30 JUNE 1954

The Government of the United States of America and the Government of Ecuador, have agreed as follows :

Article I

THE OPERATING AGENCIES

Pursuant to the General Agreement for Technical Cooperation between the Government of the United States of America and the Government of Ecuador, signed at Quito on May 3, 1951,² as subsequently modified and supplemented,³ a cooperative program of industry shall be initiated in Ecuador. The obligations assumed herein by the Government of Ecuador will be performed by it through its Ministry of Social Welfare (hereinafter referred to as the "Ministry"). The obligations assumed herein by the Government of the United States of America will be performed by it through the Foreign Operations Administration (hereinafter referred to as the "Administration"), an agency of the Government of the United States of America. The Administration may discharge its obligations hereunder through The Institute of Inter-American Affairs, and may secure the assistance of other public and private agencies in the discharge of those obligations. The Ministry and the Administration shall participate jointly in all phases of the planning and administration of the cooperative program. This Agreement and all activities carried out pursuant to it shall be governed by the provisions of the said General Agreement for Technical Cooperation, as subsequently modified and supplemented.

Article II

FIELDS OF ACTIVITY

This cooperative program of industry will include, to the extent that the parties from time to time agree thereon, operations of the following types :

1) Studies of the needs of Ecuador in the field of industry, and the resources which are available to meet these needs;

¹ Came into force on 30 June 1954, the date of signature, in accordance with article XI.

² United Nations, *Treaty Series*, Vol. 141, p. 27.

³ United Nations, *Treaty Series*, Vol. 179, p. 242.

2) The formulation and continuous adaptation of a program to help meet such needs;

3) The initiation and administration of projects in economic, industrial, technical and marketing research; modern methods of production in handicraft and small industry fields; construction of improved equipment and machinery utilizing local materials; production of textiles through improvement of raw material preparation, spinning, dyeing, weaving and styling; distribution and marketing of products; and such other projects in industry and related fields as the parties may agree upon;

4) Related training activities, both within and outside of Ecuador.

Article III

THE TECHNICIANS AND SPECIALISTS

The Administration will make available a group of technicians and specialists to collaborate in carrying out the activities to be conducted pursuant to this Agreement. The size and composition of this group shall be determined by the Administration. These technicians and specialists shall be selected and assigned by the Government of the United States of America but shall be subject to acceptance by the Government of Ecuador. They shall be members of the United States of America Operations Mission in Ecuador (hereinafter referred to as the "Operations Mission") and shall be under the direction of the Director of the Operations Mission.

Article IV

THE COOPERATIVE SERVICE

There is hereby established within the Ministry an agency to be known as the Servicio Cooperativo Interamericano de Industrias y Artes Manuales (hereinafter referred to as "SCIAM") which shall be responsible for administering the cooperative program of industry in accordance with the provisions of this Agreement. The Director of the Operations Mission or his designee shall serve as the Director of SCIAM (hereinafter referred to as the "Director"). Members of the Operations Mission may become officers or employees of SCIAM under such arrangements as may be agreed upon by the Director and the Minister of Social Welfare (hereinafter referred to as the "Minister").

Article V

JOINT CONTRIBUTIONS

The parties shall contribute and make available, to the extent provided below, funds for use in carrying out the program during the period covered by this Agreement, in accordance with the following schedules :

1) The Government of the United States of America shall pay the salaries and other expenses of the members of the Operations Mission, as well as such other expenses of an administrative nature as the Government of the United States of America may incur in connection with this cooperative program. These funds shall be expended by the Government of the United States of America and shall not be deposited to the credit of the SCIAM.

2) In addition, for the period from the date of entry into force of this Agreement through December 31, 1954, the Government of the United States of America, through The Institute of Inter-American Affairs of the Administration, shall contribute to SCIAM the sum of \$20,000 (Twenty Thousand Dollars). This sum shall be deposited to the credit of SCIAM in currency of the United States of America as follows :

| | |
|--------------------------------|------------|
| On July 1, 1954 | \$5,000.00 |
| On September 1, 1954 | \$7,500.00 |
| On December 1, 1954 | \$7,500.00 |

3) The Government of Ecuador, acting through the Ministry, shall contribute to SCIAM for the period from the date of entry into force of this Agreement through December 31, 1954, the sum of S/. 346,000 (Three Hundred Forty Six Thousand Sucres). This sum shall be deposited to the credit of SCIAM in currency of Ecuador as follows :

| | |
|--------------------------------|----------------|
| On July 1, 1954 | S/. 86,500.00 |
| On September 1, 1954 | S/. 129,750.00 |
| On December 1, 1954 | S/. 129,750.00 |

4) The parties may later agree in writing upon the amount of funds that each will contribute each year for use in carrying out the program during the period from December 31, 1954, through December 31, 1960. The provisions of this Article V shall be applicable to such subsequent contributions.

5) It is intended that, with respect to contributed funds to be deposited to the credit of SCIAM, such contributions will in general be deposited in periodic installments to be made by the two parties at the same times and in proportionally corresponding amounts. Each deposit made to the credit of SCIAM by either of the parties shall be available for withdrawal or expenditure only after the

agreed corresponding deposit of the other party has been made. Funds deposited by either party and not matched by the required corresponding deposit of the other party shall be returned to the contributing party prior to the distribution provided for in paragraph 4 of Article VIII of this Agreement.

6) The funds contributed pursuant to paragraphs 2, 3, and 4 of this Article V shall be available for the procurement of supplies, materials and equipment, for obtaining additional technicians and other personal services by employment or contract, and for any other needs of the program.

7) Funds deposited to the credit of SCIAM may be maintained in such bank or banks as the Director shall designate and shall be available only for the purposes of this Agreement. No funds of SCIAM shall be withdrawn for any purpose except by issuance of a check or other suitable withdrawal document signed by the Director or his designees. The Director shall include in the deposit agreement to be made with any bank, a provision that the bank shall be obligated to repay to SCIAM any money which it shall pay out from the funds of SCIAM on the basis of any document other than a check or other withdrawal document that has been signed by the Director or his designees.

Article VI

ADDITIONAL CONTRIBUTIONS

1) The projects to be undertaken under this Agreement may include cooperation with national, state, and local government agencies in Ecuador, as well as with organizations of a public or private character, and international organizations of which the United States of America and Ecuador are members. By agreement between the Minister and the Director contributions of funds, property, services, or facilities, by either or both parties, or by any of such third parties, may be accepted and deposited to the credit of SCIAM for use in effectuating the cooperative program of industry, in addition to the funds, property, services and facilities required to be contributed under Article V.

2) The Ministry and other agencies of the Government of Ecuador, in addition to the cash contribution provided for in paragraph 3, of Article V hereof, may at their own expense, pursuant to agreement between the Minister and the Director :

a) Appoint specialists and other necessary personnel to collaborate with the Operations Mission;

b) Make available such office space, office equipment and furnishings, and such other facilities, materials, equipment, supplies, and services as they can provide for the said program;

c) Make available the general assistance of other governmental agencies of the Government of Ecuador for carrying out the cooperative program of industry.

Article VII

PROJECT OPERATIONS

1) The cooperative program of industry herein provided for shall consist of a series of projects to be jointly planned by the Minister and the Director. Each project shall be embodied in a written project agreement which shall be signed by the Minister and the Director, shall define the work to be done, shall make allocations of funds therefor from moneys available to SCIAM, and may contain such other matters as the parties may desire to include. The Minister and the Director may enter into project agreements with other ministries or agencies of the Government of Ecuador, to provide for the administration of projects by such other agencies.

2) Upon substantial completion of any project, a Completion Memorandum shall be drawn up and signed by the Minister and the Director, which shall provide a record of the work done, the objectives sought to be achieved, the expenditures made, the problems encountered and solved, and related basic data.

3) The selection of specialists, technicians and others in the field of industry to be sent for training to the United States of America or elsewhere at the expense of SCIAM pursuant to this program, as well as the training activities in which they shall participate, shall be determined by the Minister and the Director.

4) The general policies and administrative procedures that are to govern the cooperative industry program, the carrying out of projects, and the operations of SCIAM, such as the disbursement of and accounting for funds, the incurrence of obligations of SCIAM, the purchase, use, inventory, control and disposition of property, the appointment and discharge of officers and other personnel of SCIAM and the terms and conditions of their employment, and all other administrative matters, shall be determined by the Minister and the Director. Once all such administrative matters and policies have been agreed upon in principle, the Director shall be responsible for carrying out such agreements.

5) All contracts and other instruments and documents of the Servicio relating to the execution of projects under this Agreement shall be executed in the name of the Servicio and shall be signed by the Director. The books

and records of SCIAM related to the Cooperative Program shall be open at all times for examination by authorized representatives of the Government of Ecuador and the Government of the United States of America. The Director shall render an annual report of the activities of SCIAM to the Minister and to the Government of the United States, and other reports at such intervals as may be appropriate.

6) Any power conferred by this Agreement upon the Minister and the Director may be delegated by either of them to any of his assistants, provided each such delegation is satisfactory to the other. Such delegation shall not limit the right of either of them to refer any matter directly to one another for discussion and decision.

Article VIII

ADDITIONAL FISCAL PROVISIONS

1) All funds deposited to the credit of SCIAM pursuant to this Agreement shall continue to be available for the cooperative program of industry during the existence of this Agreement, without regard to annual periods or fiscal years of either of the parties.

2) Title to all materials, equipment and supplies acquired for SCIAM by the Administration with funds contributed to SCIAM but not deposited to the credit of SCIAM shall, unless otherwise agreed by the Minister and the Director, pass to SCIAM at the time such title is relinquished by the Seller. Property acquired by SCIAM shall be used only in the furtherance of this Agreement and any such property remaining at the termination of this cooperative program shall be at the disposition of the Government of Ecuador.

3) Income from operations of SCIAM, interest received on funds of SCIAM, and any other increment of assets of SCIAM of whatever nature or source, shall be devoted to the carrying out of the cooperative program and shall not be credited against any contribution due from either party.

4) Any funds of SCIAM which remain unexpended and unobligated on the termination of the cooperative program of industry shall, unless otherwise agreed upon in writing by the parties hereto at that time, be returned to the parties hereto in the proportion of the respective contributions made on behalf of the two Governments under this Agreement, as it may be from time to time amended and extended.

5) Funds deposited by the Government of the United States of America to the credit of SCIAM and any other funds that may be introduced into Ecuador by the Government of the United States of America pursuant to this Agreement

shall be convertible at the highest rate which, at the time the conversion is made, is available to the Government of the United States of America for its diplomatic and other official expenditure in Ecuador.

Article IX

RIGHTS AND EXEMPTIONS

1) The Government of Ecuador agrees to extend to SCIAM and to all personnel employed by SCIAM, all rights and privileges which are enjoyed by other agencies of the Ministry or their personnel.

2) Supplies, equipment and materials introduced into Ecuador by the Administration, either directly or through contract with any public or private organization, for purposes of effectuating this Agreement shall be admitted into Ecuador free of any customs duties and import taxes.

3) All personnel of the Government of the United States of America, whether employed directly by it or under contract with a public or private organization, who are at present in Ecuador to perform work for the cooperative program, and whose entrance into the country has been approved by the Government of Ecuador in accordance with Article III hereof, shall be exempt from income and social security taxes levied under the laws of Ecuador with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, from property taxes on personal property intended for their own use, and from the payment of any tariff or duty upon personal or household goods brought into the country for the personal use of themselves and members of their families.

Article X

LEGISLATIVE AND EXECUTIVE ACTION

The Minister will endeavour to obtain the enactment of such legislation and will take such executive action as may be required to carry out the terms of this Agreement.

Article XI

ENTRY INTO FORCE AND DURATION

This Agreement may be referred to as the "Industrial Service Program Agreement". It shall enter into force on the date that it is signed and shall remain in force through December 31, 1960, or until three months after either

party shall have given notice in writing to the other of intention to terminate it, whichever is the earlier; provided, however, that the obligations of the parties under this Agreement for the period from June 30, 1954, through December 31, 1960 shall be subject to the availability of funds to both parties for the purposes of the program and to the further agreement of the parties pursuant to Article V, paragraph 4, hereof.

DONE in duplicate, in the English and Spanish languages, at Quito, this 30th day of June, 1954.

For the Government of the United States of America :

Thomas J. MALEADY

Chargé d'Affaires ad interim of the United States of America

Charles P. BLANKS, Jr.

Director of the United States Operations Mission in Ecuador,
The Institute of Inter-American Affairs of the Foreign Operations Administration

For the Government of Ecuador :

Luis Ant. PEÑAHERRERA

Minister of Foreign Affairs

P. C.

Minister of Public Works, Acting Minister of Social Welfare
