

No. 3381

**UNITED STATES OF AMERICA
and
BRAZIL**

Agricultural Commodities Agreement (with exchange of notes). Signed at Rio de Janeiro, on 16 November 1955

Official texts: English and Portuguese.

Registered by the United States of America on 9 May 1956.

**ÉTATS-UNIS D'AMÉRIQUE
et
BRÉSIL**

Accord relatif aux produits agricoles (avec échange de notes). Signé à Rio-de-Janeiro, le 16 novembre 1955

Textes officiels anglais et portugais.

Enregistré par les États-Unis d'Amérique le 9 mai 1956.

No. 3381. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE UNITED STATES OF BRAZIL. SIGNED AT RIO
DE JANEIRO, ON 16 NOVEMBER 1955

The Government of the United States of America and the Government of the United States of Brazil, hereinafter called the Government of Brazil,

Recognizing the desirability of expanding trade in agricultural commodities between the two countries and with other friendly nations in a manner which would not displace the usual marketings of the United States of America in those commodities or unduly disrupt world prices of agricultural commodities;

Considering that the purchase for cruzeiros of surplus agricultural commodities produced in the United States of America will assist in achieving such expansion of trade;

Considering that the cruzeiros accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of agricultural commodities to Brazil pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, 83rd Congress of the United States, and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

Article I

SALES FOR CRUZEIROS

1. Subject to the issuance and acceptance of the purchase authorizations referred to in Paragraph 2 of this Article, the Government of the United States of America undertakes to finance during the current United States fiscal year ending June 30, 1956, sales for cruzeiros of certain agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, to purchasers authorized by the Government of Brazil.

¹ Came into force on 16 November 1955, upon signature, in accordance with article VII.

2. The Government of the United States of America will issue purchase authorizations which shall be subject to acceptance by the Government of Brazil, and shall include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of cruzeiros accruing from such sales and other relevant matters. Certain commodities, and amounts, with respect to which tentative agreement has been reached by the two Governments, are listed in Paragraph 3 of this Article.

3. The Government of the United States of America undertakes to finance the sale to the Government of Brazil of the following commodities, in the values indicated, during the United States fiscal year 1956, under the terms of Title I of the said Act and of this Agreement :

<i>Commodity</i>	<i>Value</i> <i>(in United States Dollars)</i>
Wheat	31,000,000
Wheat flour	1,100,000
Feed grains	3,010,000
Lard	1,790,000
Cigar wrapper tobacco	250,000
Ocean transportation for 50 percent of commodities (estimated)	4,070,000
TOTAL	41,220,000

Article II

USES OF CRUZEIROS

1. The two Governments agree that cruzeiros accruing to the Government of the United States of America as a consequence of the sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes in the proportions shown :

(A) Twenty-four percent (24%) to help develop new markets for United States agricultural commodities on a mutually benefitting basis, to purchase for shipment to the United States specific materials for the supplemental United States stockpile, to finance international educational exchange activities in Brazil and for other United States expenditures in Brazil, provided that, of this amount \$2,834,400 is to be set aside for purchases of such specific materials at a firm cruzeiro price and under such other terms as may be agreed upon by the two Governments. Any amount not used for such purchases by December 31, 1957 may, however, be used for any of the other purposes authorized above.

- (B) Seventy-six percent (76%) of the accrued cruzeiros shall be loaned to the Government of Brazil to promote the economic development of Brazil in accordance with Article IV of this Agreement.

Article III

DEPOSITS OF CRUZEIROS

1. The cruzeiros to be deposited to the account of the Government of the United States of America shall be the dollar sales value of the commodities reimbursed or financed by the Government of the United States of America converted into cruzeiros at a rate of exchange to be agreed upon between the two Governments. Such dollar sales value shall include ocean freight and handling reimbursed or financed by the Government of the United States of America, except that it shall not include any excess cost of ocean freight resulting from the requirement of the Government of the United States of America that the commodities be transported on United States flag vessels.

2. The two Governments agree that upon receipt by the Government of Brazil of notice of dollar disbursements to United States exporters by the Government of the United States of America or in such other manner as may be mutually agreed, the Government of Brazil shall provide for the deposit of the cruzeiro equivalent of the dollar disbursements by the Government of the United States of America, for payment of the transaction concerned, in a "Special Account" of the Government of the United States of America in the Banco Nacional do Desenvolvimento Econômico (hereinafter referred to as "Development Bank"), acting as an agent of the Government of Brazil. The cruzeiros constituting the twenty-four percent (24%) specified in Article II, Paragraph 1 (A) may, at the option of the Government of the United States of America, be withdrawn at any time from the Special Account in the Development Bank, while the remaining seventy-six percent (76%) will be held in the Development Bank for loan purposes in accordance with the provisions of Article IV.

Article IV

DEVELOPMENT LOAN

1. The Government of the United States of America, through the Export-Import Bank of Washington, will loan to the Government of Brazil, through the Development Bank, the seventy-six percent (76%) of the deposits referred to in Article II, Paragraph 1 (B). The loan may be denominated in dollars or in cruzeiros as determined by the Government of Brazil.

- (A) If denominated in dollars, the amount of the loan will be computed on the basis of the rate of exchange used for deposits of cruzeiros made pursuant to Article III, Paragraph 1. The Government of Brazil agrees that this

loan will be made under the conditions specified in a supplemental loan agreement between the authorized agencies of the two Governments which will include among others, the following provisions :

(i) *Period:*

Forty years starting from January 1, 1956;

(ii) *Payment Dates:*

Payment in semi-annual installments, the first payment of interest to be made as of June 30, 1959, and the first of principal on December 31, 1960;

(iii) *Payment of Principal and Interest:*

To be made in United States dollars or, at the option of the Government of Brazil, in cruzeiros, such payment in cruzeiros to be made in accordance with the provisions of the loan agreement and any agreement supplemental thereto;

(iv) *Interest Rate:*

(a) Three percent (3%) per annum, in the event of payment being made in dollars; four percent (4%) per annum if payment is made in cruzeiros;

(b) No interest shall accrue during the first three years.

(B) If denominated in cruzeiros, the loan would be repayable in cruzeiros with the option of paying principal and interest in dollars. The Government of Brazil agrees that this loan will be made under the conditions specified in a supplemental loan agreement between the authorized agencies of the two Governments which will include among others, the following provisions :

(i) *Period:*

Forty years starting from January 1, 1956;

(ii) *Payment Dates:*

Payment in semi-annual installments, the first payment of interest to be made as of June 30, 1959, and the first of principal on December 31, 1960;

(iii) *Payment of Principal and Interest:*

To be made in cruzeiros or, at the option of the Government of Brazil, in United States dollars;

(iv) *Interest Rate:*

(a) Five percent (5%) per annum, if the payment is made in cruzeiros; four percent (4%) per annum if the payment is made in dollars at an exchange rate to be determined at the time payment becomes due; or three percent

(3%) per annum if payment is made in dollars at the weighted average exchange rate at which cruzeiro sales proceeds were deposited;

(b) No interest shall accrue during the first three years.

2. The Government of the United States of America agrees to take into consideration the economic position of Brazil, including its balance of international payments, in connection with any contemplated use of cruzeiros paid to the Government of the United States of America hereunder.

3. The two Governments undertake to agree as between the Export-Import Bank of Washington as the lender and the Development Bank as the borrower, by letter or any other adequate document, to the conditions for the application of the funds to be loaned to the Government of Brazil through the present Agreement.

4. The loan funds referred to in Paragraph 1 of this Article shall be used to promote trade and balanced economic development in Brazil.

5. Other details and procedures of the loan and/or modifications thereof shall be mutually agreed upon between the Government of the United States of America or the Export-Import Bank of Washington, an Agency thereof, and the Government of Brazil or the Development Bank.

6. In the event that the cruzeiros set aside for loan to the Government of Brazil are not advanced within three years from the date of this Agreement, the Government of Brazil will repay the cruzeiro equivalent in United States dollars to the Government of the United States of America.

Article V

GENERAL UNDERTAKINGS

1. The Government of Brazil agrees that it will take all possible measures to prevent the sale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America) of the surplus agricultural commodities purchased pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and to assure that its purchase of such commodities shall not result in increased availability of these or like commodities to nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural commodities, displace the usual marketings of the United States in these commodities or materially impair relations among the countries of the free world.

3. In carrying out this Agreement the two Governments will seek to assure that private traders are used to the maximum extent practicable and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of Brazil agrees to furnish, upon request of the Government of the United States of America, information on (a) the progress of the transaction particularly with respect to arrivals and the condition of commodities; (b) provisions for the maintenance of usual marketings; and (c) exports of the same and like commodities.

Article VI

CONSULTATION

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

Article VII

ENTRY INTO FORCE

This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Rio de Janeiro this 16th day of November, 1955, in four copies, two in English and two in Portuguese, equally authentic.

For the Government of the United States of America :
James Clement DUNN

For the Government of the United States of Brazil :
José Carlos DE MACEDO SOARES

EXCHANGE OF NOTES

I

The American Ambassador to the Brazilian Minister of Foreign Affairs

AMERICAN EMBASSY

No. 134

Rio de Janeiro, November 16, 1955

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement¹ between the Government of the United States of America and the Government of Brazil signed today and in particular to Article III, Paragraph 1, concerning the rate of exchange for the deposit of cruzeiros by the Government of Brazil in payment for surplus agricultural products.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Ministry of Foreign Affairs with reference to the applicable rate of exchange for the deposit of cruzeiros equivalent to the dollar sales value of commodities to be purchased under the Agricultural Commodities Agreement. Under the exchange system now in effect in Brazil, deposits will be made at the 4th or highest category export rate, now 50.06 cruzeiros per dollar. If, during the period of shipment of the commodities purchased, the exchange system of Brazil is changed to establish a unitary rate or a rate generally applicable to import transactions (except imports granted a preferential rate), subsequent deposits will be made at that rate.

If the dollar-denominated loan agreement is chosen by the Government of Brazil in accordance with Article IV, Paragraph 1 (A), it is agreed that payment of principal and interest if made in cruzeiros shall be at the same type of exchange rate as would be applicable to deposits if they were to be made on the date such payments become due.

I shall appreciate receiving Your Excellency's confirmation of the above understanding.

Accept, Excellency, the renewed assurances of my highest and most distinguished consideration.

James Clement DUNN

His Excellency José Carlos de Macedo Soares
Minister of Foreign Affairs of Brazil

¹ See p. 208 of this volume.

2. O Governo dos Estados Unidos do Brasil concorda com que a nota de Vossa Excelência, acima transcrita, e esta resposta, constituam um acôrdo entre os dois Governos sôbre êste assunto.

Aproveito a oportunidade para renovar a Vossa Excelência os protestos da minha mais alta consideração.

José Carlos DE MACEDO SOARES

A Sua Excelência o Senhor James Clement Dunn
Embaixador dos Estados Unidos da América

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS

RIO DE JANEIRO

DE/DAI/CCT/200/842.11(42)(22)

November 16, 1955

Mr. Ambassador,

I have the honor to acknowledge receipt of Your Excellency's note No. 134, dated today, a Portuguese translation of which I transcribe below :

[*See note I*]

2. The Government of the United States of Brazil agrees that Your Excellency's note, transcribed above, and this reply constitute an understanding between the two Governments on this matter.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

José Carlos DE MACEDO SOARES

His Excellency James Clement Dunn
Ambassador of the United States of America

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

² Traduction du Gouvernement des États-Unis d'Amérique.

III

The American Ambassador to the Brazilian Minister of Foreign Affairs

AMERICAN EMBASSY

No. 135

Rio de Janeiro, November 16, 1955

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Brazil signed today and in particular to Article II, Paragraph 1 (A) regarding the purchase by the United States from Brazil of specific materials for the United States supplemental stockpile with the proceeds of the sale of surplus agricultural products.

I wish to confirm the understanding of my Government, with reference to the purchase of such specific materials in the amount of \$2,834,400. that the term specific materials as used in this note and in the Agricultural Commodities Agreement means rare earth carbonate having a formula $RE_2(CO_3).H_2O$, or rare earth sodium sulphate having a formula $RE_2(SO_4)_3.Na_2SO_4.2H_2O$, subject to chemical analysis meeting limits as specified by the Government of the United States of America, which will include the requirement that there will be no free acid of any kind in the material.

It is also my Government's understanding that the purchases of specific materials will be made at a firm cruzeiro price under an agreement to be entered into by the Government of the United States of America and the Government of the United States of Brazil or their designated Agencies, with payment therefor to be made from the proceeds of the sale of surplus agricultural products. My Government is agreeable to making advance payment for such specific materials as the cruzeiros become available from such sales, provided disbursements are made through the Bank of Brazil and a commitment acceptable to the Government of the United States of America is received that if for any reason any quantity of the specific materials is not delivered, the Government of the United States of America will be reimbursed at the latest on December 31, 1957 which shall be the final date for the settlement of this transaction.

I shall appreciate receiving Your Excellency's confirmation of the foregoing understanding.

Accept, Excellency, the renewed assurances of my highest and most distinguished consideration.

James Clement DUNN

His Excellency José Carlos de Macedo Soares
Minister of Foreign Affairs of Brazil

2. O Governo dos Estados Unidos do Brasil concorda com que a nota de Vossa Excelência, acima transcrita, e esta resposta constituam um acôrdo entre os dois Governos sôbre êste assunto.

Aproveito a oportunidade para renovar a Vossa Excelência os protestos da minha mais alta consideração.

José Carlos DE MACEDO SOARES

A Sua Excelência o Senhor James Clement Dunn
Embaixador dos Estados Unidos da América

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS

RIO DE JANEIRO

DE/DAI/CCT/201/842.11(42)(22)

November 16, 1955

Mr. Ambassador,

I have the honor to acknowledge receipt of Your Excellency's note No. 135, dated today, a Portuguese translation of which I transcribe below :

[*See note III*]

2. The Government of the United States of Brazil agrees that Your Excellency's note, transcribed above, and this reply constitute an understanding between the two Governments on this matter.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

José Carlos DE MACEDO SOARES

His Excellency James Clement Dunn
Ambassador of the United States of America

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

² Traduction du Gouvernement des États-Unis d'Amérique.