

No. 3548

**UNITED STATES OF AMERICA
and
KOREA**

**Surplus Agricultural Commodities Agreement under Title
I of the Agricultural Trade Development and Assist-
ance Act. Signed at Seoul, on 31 May 1955**

Official text: English.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
CORÉE**

**Accord relatif aux produits agricoles en surplus, conclu
dans le cadre du titre I de la loi tendant à développer
et à favoriser le commerce agricole. Signé à Séoul,
le 31 mai 1955**

Texte officiel anglais.

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

No. 3548. SURPLUS AGRICULTURAL COMMODITIES AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF KOREA UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT. SIGNED AT SEOUL, ON 31 MAY 1955

The Government of the United States of America and The Government of the Republic of Korea :

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

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

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

Desiring to set forth the understandings which govern the sales of surplus agricultural commodities by the Government of the United States of America pursuant to the Agricultural Trade Development and Assistance Act of 1954, 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

SALE FOR HWAN

1. Subject to the issuance and acceptance of purchase authorizations referred to in paragraph 2 of this Article, the Government of the United States of America undertakes to finance on or before June 30, 1955 the sale for hwan of tobacco and cotton determined to be surplus pursuant to the Agricultural Trade Development and Assistance Act of 1954 to purchasers authorized by the Government of The Republic of Korea.

¹ Came into force on 31 May 1955, upon signature, in accordance with article VI.

2. The United States Government will issue purchase authorizations which shall include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of hwan accruing from such sales, and other relevant matters, and which shall be subject to acceptance by the Government of The Republic of Korea.

3. The United States Government agrees to finance the sale to Korea of tobacco in value of \$5.0 million and cotton in value of \$10.0 million, including ocean transportation costs where required at export sales value, during the United States Fiscal Year 1955, under the terms of Title I of United States Public Law 480 of the 83rd Congress.

Purchase authorizations will be issued by the United States Government up to the above indicated value of these commodities. Commodities will be procured by Korean importers from the United States private trade at prices and qualities to be negotiated between buyers and sellers.

Article II

USES OF HWAN

1. The two Governments agree that hwan accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States of America for the following purposes in the approximate amounts shown :

- (i) For payment of United States expenses in Korea, including activities to help develop new markets for United States agricultural commodities, and expenses of other U.S. agencies in Korea in accordance with sub-sections (a), (f) and (h) of Section 104 of the Act, the hwan equivalent of \$9.0 million.
- (ii) To procure military equipment, materials, facilities, and services for use by ROK military forces for the common defense in accordance with sub-section (c) of Section 104 of the Act, the hwan equivalent of \$6.0 million.

2. The hwan accruing to the United States under this Agreement shall be expended by the U.S. Government for the purposes stated in Paragraph 1 of this Article in such manner and order of priority as the Government of the United States shall determine.

Article III

DEPOSITS OF HWAN

1. Hwan shall be deposited to the account of the United States in the Bank of Korea equivalent to the dollar sales value of the commodities reimbursed or financed by the Government of the United States, including freight and

handling except the extra cost of ocean freight resulting from a United States Government requirement on the use of U.S. flag vessels.

2. The rate of exchange of hwan to the United States dollar shall be the average hwan-dollar rate at which the United States Army obtained hwan against the sale of dollars at the last auction of dollars preceding the date of dollar disbursement. If dollar auctions are not the then current method by which the United States Army in Korea acquires hwan, the hwan-dollar rate to be used for the purpose of this Agreement will be the rate which the United States Army is then currently using in Korea for the encashment of U.S. dollar instruments.

3. The two Governments agree that the following procedures shall apply with respect to the hwan deposited to the account of the Government of the United States in the Bank of Korea under this Agreement :

- (a) On the date of deposit of such hwan to the account of the Government of the United States, they shall, at the same rate of exchange at which they were deposited, be converted and transferred to a special dollar denominated account to the credit of the Government of the United States in the Bank of Korea.
- (b) Drawings by the Government of the United States on such special account for the uses specified in Article II of this Agreement shall be paid by the Bank of Korea in hwan at the hwan-dollar rate at the time of drawing. This hwan-dollar rate shall be the average rate at the immediately preceding dollar auction at which the United States Army obtained hwan against the sale of dollars. If dollar auctions are not the then current method by which the United States Army in Korea acquires hwan, the hwan-dollar rate shall be the rate which the United States Army is using in Korea for the encashment of United States dollar instruments on the date on which the drawing is paid.

Article IV

GENERAL UNDERTAKINGS

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

2. The two Governments agree that they will take reasonable precautions to assure that all sales of surplus agricultural commodities pursuant to the Agricultural Trade Development and Assistance Act of 1954 will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States in these commodities, or materially impair trade relations among the countries of the free world.

3. In carrying out this Agreement the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

Article V

CONSULTATION

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

Article VI

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 Seoul this 31st day of May, 1955.

For the Government of the United States of America :

William S. B. LACY
American Ambassador

For the Government of the Republic of Korea :

YUH WAN-CHANG
Minister of Reconstruction