

No. 3629

**UNITED STATES OF AMERICA
and
ECUADOR**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act
(with related note). Signed at Washington, on 7
October 1955**

Official texts of the Agreement: English and Spanish.

Official text of the note: English.

Registered by the United States of America on 18 December 1956.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉQUATEUR**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favoriser
le commerce agricole (avec note y relative). Signé à
Washington, le 7 octobre 1955**

Textes officiels de l'Accord: anglais et espagnol.

Texte officiel de la note: anglais.

Enregistré par les États-Unis d'Amérique le 18 décembre 1956.

No. 3629. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
ECUADOR UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT. SIGN-
ED AT WASHINGTON, ON 7 OCTOBER 1955

The Government of the United States of America and the Government of Ecuador :

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 for sueres of agricultural commodities produced in the United States will assist in achieving such an expansion of trade;

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

Desiring to set forth the understanding which will govern the sales of agricultural commodities to Ecuador pursuant to Title I of 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

SALES FOR SUCRES

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, 1956, the sale for sueres of certain agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954 to purchasers authorized by the Government of Ecuador.

2. The United States Government will issue purchase authorizations which shall include provisions relating to the sale and delivery of commodities, the

¹ Came into force on 7 October 1955, upon signature, in accordance with article VI.

time and circumstances of deposit of the sucres accruing from such sales, and other relevant matters, and which shall be subject to acceptance by the Government of Ecuador. 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 United States Government undertakes to finance the sale to Ecuador 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>(Thousands of dollars)</i>
Wheat	1,100
Cotton	925
Tobacco	210
Cottonseed oil	1,375
Soyabean oil	140
Ocean transportation (estimate)	250
	TOTAL 4,000

Article II

USES OF SUCRES

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

- (a) To help develop new markets for United States agricultural commodities, to finance international educational exchange activities in Ecuador and for other U. S. expenditures in Ecuador under subsections (a), (f) and (h) of Section 104 of the Act, the sucre equivalent of \$900,000;
- (b) For loans to the Government of Ecuador to promote the economic development of Ecuador under section 104 (g) of the Act, the sucre equivalent of \$3,100,000, subject to supplemental agreement between the two Governments. In the event that sucres set aside for loans to the Government of Ecuador are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on uses of the sucres for loan purposes or for any other purpose, the Government of the United States may use the sucres for any other purpose authorized by Section 104 of the Act.

2. The sucres accruing under this Agreement shall be expended by the Government of the United States 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 SUCRES

1. The amount of sucres to be deposited to the account of the United States in the Central Bank of Ecuador shall be the equivalent of the dollar sales value of the commodities reimbursed or financed by the Government of the United States converted into sucres at the rate of exchange generally applicable to import transactions (excluding imports granted a preferential rate) on the dates of dollar disbursement by the United States. Such dollar sales value shall include ocean freight and handling reimbursed or financed by the Government of the United States, except that it shall not include any extra cost of ocean freight resulting from a United States requirement that the commodities be transported on United States flag vessels.

2. The two Governments agree that the following procedures shall apply with respect to the sucres deposited to the account of the United States under this Agreement :

- (a) On the date of deposit of such sucres to the account 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 United States Government in the Central Bank of Ecuador.
- (b) Drawings on such special account by the United States for the uses specified in paragraph 1 (a) of Article II of this Agreement shall be paid by the Central Bank of Ecuador in sucres at the rate of exchange generally applicable to import transactions (excluding imports granted a preferential rate) on the date on which each drawing is made.
- (c) Drawings on such special account for the loan uses specified in paragraph 1 (b) of Article II of this Agreement shall be accomplished by transferring from such special account of the Government of Ecuador the equivalent of the sucres to be loaned.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Ecuador 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 this Agreement, 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 sales or purchases of surplus agricultural commodities pursuant to this Agreement 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 matter relating to the application of this Agreement or to the operation of 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 Washington this seventh day of October, 1955.

For the Government of the United States of America :
Cecil B. LYON

For the Government of Ecuador :
José R. CHIRIBOGA V.
Ambassador

NOTE FROM THE SECRETARY OF STATE TO THE AMBASSADOR
OF ECUADORDEPARTMENT OF STATE
WASHINGTON

October 7, 1955

Excellency :

I have the honor to refer to paragraphs 1 and 2 (b) of Article III of the Agreement signed on October 7, 1955¹ between the Government of the United States of America and the Government of Ecuador for the sale of agricultural commodities under United States Public Law 480.

The Government of the United States understands the language "rate of exchange generally applicable to import transactions (excluding imports granted a preferential rate)" to mean that so long as there are only two rates of exchange in Ecuador legally applicable to imports, the rate to be used under these paragraphs of Article III will be the rate applicable to at least 51 percent of total annual commercial imports by value on the effective date for each transaction as defined in the Agreement. If at any time there should be more than two rates of exchange in Ecuador legally applicable to imports, the rate to be applied in paragraphs 1 and 2 (b) of Article III of the Agreement will be the rate applicable to the largest percentage of total annual commercial imports by value into Ecuador on the effective date for each transaction as defined in the Agreement, provided any imports granted a preferential rate will be excluded in computing the percentages of total annual imports by value to which the various rates apply.

If your Government agrees to this interpretation of paragraph 1 and 2 (b) of Article III of the Agreement, it would be appreciated if you would be kind enough to sign and return two of the copies of this Note to the Department of State.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State :
Cecil B. LYON

His Excellency Señor Dr. José R. Chiriboga V.
Ambassador of Ecuador

I accept the interpretation contained in the above letter.

Dr. José R. CHIRIBOGA V.
Ambassador of Ecuador
Washington, October 7, 1955

¹ See p. 196 of this volume.