

No. 3776

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**UNITED STATES OF AMERICA  
and  
MEXICO**

**Exchange of notes constituting an agreement relating to a  
technical co-operation industrial productivity program.  
Mexico, 9 March 1955**

*Official texts: English and Spanish.*

*Registered by the United States of America on 27 March 1957.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
MEXIQUE**

**Échange de notes constituant un accord relatif à un pro-  
gramme de coopération technique en matière de pro-  
ductivité industrielle. Mexico, 9 mars 1955**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 27 mars 1957.*

No. 3776. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND MEXICO RELATING TO A TECHNICAL CO-OPERATION INDUSTRIAL PRODUCTIVITY PROGRAM. MEXICO, 9 MARCH 1955

I

*The American Ambassador to the Mexican Secretary for Foreign Relations*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

México, D. F., March 9, 1955

No. 450

Excellency :

I have the honor to refer to the General Agreement for Technical Cooperation between the Government of the United States of America and the Government of Mexico, effected by an exchange of notes signed at Mexico City on June 27, 1951,<sup>2</sup> as subsequently modified and supplemented,<sup>3</sup> and to the request of your Government, dated June 23, 1954,<sup>4</sup> for the initiation and carrying out of a cooperative program with the Confederation of Industrial Chambers of the United Mexican States, a private manufacturer's association in Mexico, directed toward promoting industrial productivity in Mexico.

I am pleased to inform Your Excellency that my Government is prepared to cooperate in carrying out the proposed program, convinced that it will further the general welfare of the peoples of our respective countries, will promote an expanding economy in Mexico with a rising standard of living through the interchange of technical and scientific knowledge between our countries, and will further strengthen the bonds of friendship and understanding between them. Accordingly, I am authorized by my Government to propose that our two Governments agree upon the following terms and conditions for carrying out the proposed productivity program.

1. *Cooperating Agencies*

Pursuant to the General Agreement for Technical Cooperation between our two Governments, as modified and supplemented, a cooperative productivity program shall be initiated in Mexico.

A. The Government of Mexico will carry out, or will arrange to have carried out through the Confederation of Industrial Chambers of the United Mexican States (herein-

<sup>1</sup> Came into force on 9 March 1955 by the exchange of the said notes.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 141, p. 211.

<sup>3</sup> United Nations, *Treaty Series*, Vol. 200, p. 312, and Vol. 233, p. 306.

<sup>4</sup> Not printed by the Department of State of the United States of America.

after referred to as the "Confederation") or other public or private agencies of Mexico, any obligations and responsibilities assumed by or assigned to the Government of Mexico or the Confederation pursuant to this agreement. In carrying out obligations designated for it pursuant to this agreement, the Confederation may obtain the cooperation and assistance of other public and private agencies of Mexico, and may establish agencies and advisory councils to furnish advice and assistance.

B. The obligations assumed by the Government of the United States of America under this agreement will be performed by it through such agency as that Government may designate (hereinafter referred to as the "designated United States agency"). The designated United States agency may obtain the assistance of other public and private agencies in the discharge of those obligations.

## 2. Objectives

The objectives of this cooperative program of productivity are :

A. To facilitate, through cooperative action on the part of the two Governments, the strengthening of the basic economic structure of Mexico, expanding the Mexican economy, and raising to higher levels the standard of living of the Mexican people.

B. To increase in Mexico the levels of productivity and production through insuring the most efficient utilization of the real resources and facilities extant in Mexico by the application to Mexican industry of improved management and production policies, practices, and techniques supported by a constant effort to apply to Mexican industry, labor, and commerce, those technical and scientific practices and principles most suitable to achieve these ends.

C. To stimulate and increase the interchange between the two countries of knowledge, skills, and techniques to bring about an increase in industrial productivity so that the benefits of such increased productivity may contribute to higher standards of living through expanded production and a more widespread consumption of goods, made possible by reduced costs, improved earnings on the part both of ownership and workers, and lower prices.

D. To promote and strengthen the understanding and good will between the peoples of Mexico and the United States, and to foster the growth of democratic ways of life.

## 3. Project Activities

A. The Confederation will, during the term of this agreement, establish and operate a Productivity Center in Mexico and will carry out other activities in Mexico directed at disseminating information on, and demonstrating, improved management policies, production practices, and labor utilization techniques, and at improving industrial productivity in Mexico by other similar means.

B. The Government of the United States of America will furnish technical consultation and assistance to the Confederation in carrying out all or part of the activities described in paragraph A above. Such consultation and assistance shall be furnished

in accordance with the established procedures of the Government of the United States of America and may include :

- (1) Assigning technical specialists in Mexico to provide consultation on methods for improving management and production practices and similar matters related to the improvement of industrial production, and to advise and assist in planning and conducting seminars and round-table conferences devoted to problems of management and productivity to be attended by officials of private business and by labor leaders in Mexico;
- (2) Making available motion picture films and similar demonstrational and informational materials for use in connection with demonstrations, training and conferences conducted pursuant to this agreement, and advising in the use of such materials;
- (3) Furnishing technical information and data on matters relating to industrial productivity in Mexico;
- (4) Assisting in providing related training and observation visits in the United States and elsewhere for qualified persons from Mexico.

C. Technical consultation and assistance pursuant to paragraphs B (1), (2) and (3) of this Article shall be furnished pursuant to written project agreements executed by the President of the Confederation or such other persons the Government of Mexico may designate, and the head of the Mission referred to in paragraph B (2) of Article 4 or such other officials as the Government of the United States may designate, or their designees. It is understood, however, that no obligations shall be assumed by the Confederation or the Special Account under a project agreement unless the project agreement has been signed by the President of the Confederation or his designee. Each such project shall specify the work to be undertaken, the objectives, the sources of the funds, property and services to be used to support the project, and such other matters as the parties may desire to include.

#### 4. *Technicians and Specialists*

A. The Confederation, with the assistance of other Mexican organizations cooperating and participating in this program, will provide a group of competent Mexican technicians to perform the technical and administrative work of carrying out the activities described in paragraph A of Article 3. The Confederation may, after consulting with the head of the Mission described in paragraph B (2) of this Article or such other official as the Government of the United States of America may designate, at its discretion withdraw, or temporarily reassign to other duties, any technician assigned to this cooperative program by the Confederation. The Confederation will determine the number of technicians to be made available by it under this program.

B. (1) The Government of the United States of America will provide technicians and specialists pursuant to written project agreements executed pursuant to paragraph C of Article 3 above. Such technicians normally will be provided under a contract subject, where United States financing is involved, to the prior approval of the designated United States agency, entered into directly by the Government of Mexico, the Confederation, or such other legal entity as the Government of Mexico may designate. However, in some cases it may be desirable for reasons of administration and expediency to attach temporarily such technicians or specialists to the United States mission described in

paragraph B (2) below. The project agreement, and the contract where the technicians are provided under a contract, in each case will specify the length of time that such technician or specialist will be available to work on the cooperative program, the basis on which costs will be shared, the obligation of the technician or specialist to the Government of Mexico, the Confederation, and the United States mission respectively, and any other matters relating to the effective carrying out of the project. Technicians and specialists assigned to work in Mexico under any project agreement shall be subject to acceptance by the Government of Mexico or its designee, and, where technicians are provided pursuant to a contract, by the contracting Mexican agency.

(2) The Government of the United States of America will make available to Mexico, in addition to the technicians and specialists referred to in paragraph B (1) of this Article, a small staff, which may include technicians and experts, competent to provide operational support and guidance to this program. Persons on this staff shall be members of such mission (hereinafter referred to as the "Mission") as may be constituted by the Government of the United States of America to include its personnel in Mexico engaged in carrying out work under this agreement and other program and project agreements, and shall be under the direction of the head of the Mission or such other official as the Government of the United States of America may designate.

#### 5. *The Special Account*

A. The Confederation shall establish, in such bank or banks as may be determined by the President of the Confederation (hereinafter referred to as the "President") with the approval of the head of the Mission or such other official as may be designated by the Government of the United States (hereinafter referred to as the "head of the Mission"), a Special Industrial Productivity Program Account (hereinafter referred to as the "Special Account").

B. Funds in the Special Account shall be available for use only for purposes of this agreement, and may be used for the procurement of technical supplies, materials and equipment, for financing the procurement of technical and other services by employment or by contract, and for other needs of the program except for office space, furnishings and equipment.

C. Funds in the Special Account may be used only pursuant to project agreements executed in accordance with paragraph C of Article 3.

D. The general policies and procedures to govern the administration of the Special Account, such as the disbursement and accounting for funds and the incurrence of obligations, shall be determined by the President with the approval of the head of the Mission.

E. No funds shall be withdrawn from the Special Account for any purpose except by issuance of a check or other suitable withdrawal document signed by the President or his duly authorized representative with prior written concurrence of the head of the Mission or his designee. The President shall include in the deposit agreement to be made with any bank a provision that the bank shall be obligated to repay to the Special Account any funds which it shall permit to be withdrawn from the Special Account other than on the basis of a suitable withdrawal document signed by the President or his

duly authorized representative. The Confederation shall reimburse the Special Account for any funds which may be withdrawn without the prior written concurrence of the head of the Mission or his designee.

F. All contracts and other instruments resulting in the obligation or expenditure of funds of the Special Account shall be executed in the name of the Confederation and shall be signed by the President or his duly authorized representative with the prior written concurrence of the head of the Mission or his designee.

G. Title to equipment, material and supplies procured with funds from the Special Account shall, unless otherwise specified in the applicable project agreement, be in the Confederation.

H. All funds deposited to the credit of the Special Account shall, unless otherwise explicitly stated, remain available for use during the term of this agreement without regard to annual periods or fiscal years of either party.

I. Interest received on funds in the Special Account, and any other increment in the assets in the Special Account, of whatever nature or source, shall be devoted to the program provided for in this agreement and shall not be credited against any contributions due from either party.

J. Funds contributed to the Special Account by the Government of the United States shall be convertible into Mexican pesos at the highest rate which, at the time the conversion is made, is not unlawful in Mexico.

K. Any funds in the Special Account which remain unobligated and unexpended on the termination of this cooperative productivity agreement shall, except as may be otherwise specified in agreements or as may subsequently be agreed by the head of the Mission and the President or their designees, be returned to the contributing parties in the proportion of their respective contributions.

L. Books and records relating to the Special Account shall be open for inspection by representatives of the Government of the United States, of the Government of Mexico, and of the Confederation.

## 6. Contributions

A. The designated United States agency will pay such expenses as it may incur in connection with the cooperative productivity program which are not provided for in project agreements, including the salaries, allowances and other costs of technical support personnel attached to the Mission in accordance with Article 4, paragraph B (2). Funds for the above purposes shall be expended by the designated United States agency and shall not be deposited in the Special Account. The designated United States agency also will pay, or will reimburse the Mexican Government for, such costs of project activities as may be specified in applicable project agreements.

B. The Government of Mexico, through the Confederation or such other agency as it may designate, will pay or arrange to have paid the salaries and other expenses of technical and other personnel whom it assigns to work under this agreement, the costs of necessary office space and office equipment and furnishings in Mexico, and all other costs not otherwise specifically provided for herein or in project agreements which

are necessary for carrying out the cooperative productivity program. The Government of Mexico, through the Confederation or such other agency as it may designate, will also pay such other costs of project activities as may be specified in project agreements.

C. Costs of furnishing demonstrational, informational and other materials pursuant to paragraph B of Article 3 may be paid by the Government of the United States of America, by the Confederation and agencies cooperating with it, or from the Special Account, as shall be specified in the applicable project agreement.

D. In addition to the contributions specified in paragraph A above, the designated United States agency, for the period from the date of entry into force of this agreement through June 30, 1955, shall deposit to the credit of the Special Account the sum of \$50,000 (Fifty Thousand Dollars) in currency of the United States as follows: The stated sum shall be paid in full into the Special Account on a date to be agreed to jointly by the President and by the head of the Mission referred to in paragraph B (2) of Article 4.

E. In addition to the contributions specified in paragraph B above, the Confederation, for the period from the date of entry into force of this agreement through June 30, 1955, will deposit or arrange to have deposited to the credit of the Special Account the sum of \$625,000 pesos (Six Hundred and Twenty Five Thousand Pesos) in currency of Mexico as follows: The stated sum shall be paid in full into the Special Account on a date to be agreed to jointly by the President and the head of the Mission referred to in paragraph B (2) of Article 4.

F. The Government of the United States of America and the Government of Mexico may agree to make, or to arrange to have made, contributions of funds to the Special Account. The President and the head of the Mission or his successor may agree upon financial contributions to be made to the Special Account by the Confederation and the designated United States agency, and upon contributions of property, services and facilities to be made for purposes of the cooperative productivity program by either of those two parties. By agreement between the President and the head of the Mission, special contributions of funds, property, services and facilities may be accepted for purposes of the program from any other organization of a public or private character, and arrangements may be made for the participation of any such organization in activities conducted pursuant to this agreement.

G. With respect to mutual financial contributions by the two Governments, or by the Confederation and the designated United States agency, which are to be deposited to the credit of the Special Account, it is intended that such deposits will, ordinarily, be made by the respective parties in installments at the same times and in proportionally equivalent amounts. Each installment deposited to the credit of the Special Account by either of the respective parties shall, unless otherwise expressly agreed, be available for withdrawal or expenditure only after the corresponding agreed installment of the other party has been deposited. Funds deposited by any such party and not matched by the corresponding agreed deposit of the other party shall be returned to the contributing party prior to the distribution provided for in paragraph K of Article 5 of this agreement.

#### 7. *Rights and Exemptions*

A. The Government of Mexico agrees that it will continue granting the appropriate exemptions so that the Government of the United States of America, any of its governmen-

tal agencies or officials in Mexico connected with the carrying out of the functions to which the present agreement refers, when duly accredited, shall not pay import duties or taxes on merchandise, equipment, or material brought into Mexico for the purposes of this agreement or upon articles of personal use belonging to american officials who may come to this country in direct connection with the technical cooperation program, under the principles and practices established by international law, and treaties, conventions, and agreements between Mexico and the United States of America.

B. With regard to private individuals of the United States of America who do not have the status as officials of the Government of the United States of America but who perform services under contract with the Government of the United States of America for carrying out work or functions to which this agreement refers, the Government of Mexico will take the necessary steps under the pertinent provisions of law in order that said individuals shall not have to pay the above-mentioned taxes and duties. In all cases previous arrangements should be made with the customs authorities of the Ministry of the Treasury.

#### 8. *Completion Memorandum and Reports*

Upon substantial completion of any project under this cooperative program, a Completion Memorandum shall be drawn up and signed by the President and the head of the Mission, or their designees, 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. In addition, the President and the head of the Mission, or their designees, shall render to the Secretary of Economy of the Mexican Government and to the designated United States agency, interim reports on activities under this agreement at such intervals as may be appropriate but not less frequently than once a year.

#### 9. *Duration and Termination*

This agreement shall remain in force through June 30, 1960, or until ninety days after either Government shall have given written notice to the other of intention to terminate it, whichever is earlier. It is understood that the obligations of the two Governments hereunder after June 30, 1955 shall be subject to the availability to the two Governments of appropriated funds for that purpose.

The Government of the United States of America will consider the present note and your reply concurring therein as constituting an agreement between our two Governments on the terms and conditions enumerated above which shall enter into force on the date of your note in reply.

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

Francis WHITE

His Excellency Señor Don Luis Padilla Nervo  
Secretary for Foreign Relations  
México, D. F.



[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

MINISTRY OF FOREIGN RELATIONS  
UNITED MEXICAN STATES  
MEXICO

503200

México, D.F., March 9, 1955

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's courteous note No. 450, dated today, in which reference is made to the General Agreement for Technical Cooperation between the Government of Mexico and that of the United States of America, concluded by an exchange of notes signed at Mexico City on June 27, 1951, as subsequently modified and supplemented, and to my Government's note No. 505146, dated June 23, 1954, regarding the implementation of a Program for Technical Cooperation with the Mexican Confederation of Industrial Chambers, a private Mexican association, designed to promote industrial productivity in this country.

In note No. 450 Your Excellency informs me as follows :

[*See note I*]

I am happy to inform Your Excellency that my Government agrees to the terms of your note transcribed above, on the understanding that the said note and the present one constitute an agreement for the implementation of a Technical Cooperation Program for the Promotion of Industrial Productivity in Mexico, with the Mexican Confederation of Industrial Chambers, a private Mexican association, which enters into force today and which will be governed entirely by the provisions of the General Agreement for Technical Cooperation in force between our two countries.

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

L. P. N.

His Excellency Francis White  
Ambassador Extraordinary and Plenipotentiary  
of the United States of America  
City

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<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.