

No. 3928

**UNITED STATES OF AMERICA
and
KOREA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act
(with exchange of notes). Signed at Seoul, on
13 March 1956**

**Exchange of notes constituting an agreement amending the
above-mentioned Agreement. Seoul, 7 January 1957**

Official text: English.

Registered by the United States of America on 10 July 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
CORÉE**

**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 échange de notes). Signé
à Séoul, le 13 mars 1956**

**Échange de notes constituant un accord modifiant l'Accord
susmentionné. Séoul, 7 janvier 1957**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 10 juillet 1957.

No. 3928. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
THE REPUBLIC OF KOREA UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND AS-
SISTANCE ACT. SIGNED AT SEOUL, ON 13 MARCH 1956

The Government of the United States and the Government 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 for Korean hwan of surplus agricultural commodities produced in the United States will assist in achieving such an expansion of trade;

Considering that the Korean hwan 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 surplus agricultural commodities to Korea pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, 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 KOREAN 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, 1956, the sale for Korean hwan of certain agricultural commodities determined to be surplus pursuant to the Agricultural Trade Development and Assistance Act of 1954, as amended, to the Government of Korea.

2. The United States Government will issue, within the terms of this agreement, purchase authorizations which shall include provisions relating to

¹ Came into force on 13 March 1956, upon signature, in accordance with article VI.

the sale and delivery of commodities, the time and circumstances of deposit of the hwan accruing from such sales and other relevant matters, and which shall be subject to acceptance by the Government of Korea. 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 Korea of the following commodities, in the amounts and approximate quantities 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>Export Market Value Millions of Dollars</i>
Cotton (about 45,000 bales)	\$7.8
Wheat (about 102,000 M/Ts)	6.4
Barley (about 257,000 M/Ts)	11.5
Tobacco (about 4 mil lbs)	2.0
Canned Pork	8.0
Edible Fats and Oils	3.0
Dairy Products	1.0
	<hr/>
	Sub-Total 39.7
Ocean Transportation	4.1
	<hr/>
	TOTAL \$43.8

Article II

USE OF HWAN

1. The two governments agree that the hwan accruing to 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 for the following purposes in the amounts shown :

- (a) For US expenditures in Korea under sub-section (f) of Section 104 of the Act, the hwan equivalent of \$4.4 million.
- (b) To procure military equipment, materials, facilities and services for the Korean defense forces in accordance with sub-section (c) of Section 104 of the Act, the hwan equivalent of \$39.4 million.

2. The hwan 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

DEPOSIT OF HWAN AND RATE OF EXCHANGE

1. The amount of hwan to be deposited to the account of the United States shall be the dollar sales value of the commodities reimbursed or financed by the Government of the United States converted into hwan at the rate for dollar exchange at which the United States armed forces have obtained hwan on the date of dollar disbursement or the nearest preceding date. Such dollar sales value shall include ocean freight and handling reimbursed or financed by the Government of the United States, but shall not include any extra cost of ocean freight resulting from a United States requirement that 50% of the commodities be transported on United States flag vessels.

Article IV

GENERAL UNDERTAKINGS

1. The Government 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, as amended, and to assure that its purchase of such commodities does not result in increased availability of those 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.

4. The Government of Korea agrees to furnish, upon request of the Government of the United States, information on the progress of the program, particularly with respect to arrivals and condition of commodities and the provisions for the maintenance of usual marketings, and information relating to exports of the same and like 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 Seoul this 13th day of March, 1956.

For the Government
of the United States of America :
Carl W. STROM
Chargé d'Affaires ad interim

For the Government
of the Republic of Korea :
YUH WAN-CHANG
Minister of Reconstruction

EXCHANGE OF NOTES

I

*The American Chargé d'Affaires ad interim to the Korean Minister
of Reconstruction*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY
SEOUL, KOREA

March 13, 1956

My dear Mr. Minister :

In reference to the Agricultural Commodities Agreement between our two governments, signed today,¹ I should like to state my understanding that :

1. The Republic of Korea will purchase during the present fiscal year approximately \$50 million worth of surplus agricultural commodities under Section 402 of Public Law 665.

¹ See p. 4 of this volume.

2. The Republic of Korea will maintain a minimum working stock level of 95,000 bales of cotton as long as United States aid funds finance the total cotton imports to meet consumption requirements.

3. Korean flour mills will be able to provide hwan financing for the wheat to be imported under the Agreement and that the flour produced for such wheat will be for increased consumption and not for stocks and thus will not interfere with the usual marketings for wheat in FY 1957.

4. The ROK will maintain any increase in grain stocks (as of November 1, 1956) which might result from the sales of barley under the Agreement, so as not to interfere with the usual marketings for grain in FY 1957.

5. The \$4.1 million included for ocean freight covers the costs of ocean freight for 50% of the tonnage of each commodity included in the Agreement which, by law, must be carried on privately-owned U.S. flag vessels. It is further understood that the Republic of Korea will finance the ocean freight on the approximately 50% of the tonnage of each commodity which will not be required to be carried on U.S. flag vessels.

6. The ROK Government will provide U.S. authorities, upon request, data relative to the arrival and unloading of commodities, statements of progress toward fulfillment of commitments contained in the Agreement and other pertinent information.

7. The commitment of the U.S. Government with respect to commodities is in terms of dollar values and not quantities. The quantity figures contained in the Agreement are rough approximations based on current market prices. It is further understood that actual prices will be agreed upon between buyers and sellers.

I should appreciate a statement of your agreement with the understandings set forth above.

Please accept, Excellency, the renewed assurances of my highest consideration.

Sincerely yours,

Carl W. STROM
Chargé d'Affaires ad interim

His Excellency Yu Wan-ch'ang
Minister of Reconstruction
Republic of Korea

II

*The Korean Minister of Reconstruction to the American Chargé d'Affaires ad interim*MINISTRY OF RECONSTRUCTION
REPUBLIC OF KOREA

March 13, 1956

My dear Mr. Strom :

In reference to your letter of today's date relative to the Agricultural Commodities Agreement also signed today, I wish to state that I agree with the understandings set forth in your letter.

Again, I would like to express herewith my deep appreciation to your strenuous efforts made for the signing of this agreement which would be very helpful for the stabilization of our economy.

Yours very sincerely,

WAN CHANG YUH
Minister
Ministry of ReconstructionThe Honorable Carl W. Strom
Chargé d'Affaires ad interim
American Embassy
Seoul, Korea

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
THE REPUBLIC OF KOREA AMENDING THE AGRICUL-
TURAL COMMODITIES AGREEMENT OF 13 MARCH
1956² UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT. SEOUL,
7 JANUARY 1957

I

The American Ambassador to the Korean Minister of Reconstruction

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY

No. 226

Seoul, January 7, 1957

Sir :

I have the honor to refer to the Surplus Agricultural Commodities Agreement entered into between our two Governments March 13, 1956,² under provisions of Title I of the Agricultural Trade Development and Assistance Act, PL 480, 83rd Congress, as amended.

I have the honor to propose that paragraph 3, Article I, of the above cited Agreement be amended by reducing the amount available for cotton from \$7.8 million to \$430,000; reducing the amount for edible fats and oils from \$3.0 million to \$1.5 million; adding a new commodity, rice, in the export market value of \$11.5 million; increasing the ocean transportation from \$4.1 million to \$5.4 million; and increasing the total market value from \$43.8 million to \$47.73 million.

I also have the honor to propose that the \$4.4 million in paragraph 1 (a) of Article II be changed to read \$4.8 million and the \$39.4 million in paragraph 1 (b) of Article II be changed to read \$42.93 million.

If the foregoing is acceptable to your Government, this note and your Excellency's reply thereto will constitute an amendment to the above cited Agreement effective as of March 13, 1956.

Please accept the renewed assurances of my highest consideration.

Walter DOWLING

His Excellency Hyun Chul Kim
Minister of Reconstruction for the Republic of Korea

¹ Came into force on 7 January 1957, with retroactive effect from 13 March 1956, by the exchange of the said notes.

² See p. 4 of this volume.

II

The Korean Minister of Reconstruction to the American Ambassador

MINISTRY OF RECONSTRUCTION
REPUBLIC OF KOREA
SEOUL, KOREA

January 7, 1957

Sir :

I have the honor to acknowledge receipt of your letter, No. 226, of January 7, 1957, concerning an amendment to the Surplus Agricultural Commodities Agreement entered into between our two Governments March 13, 1956, under provisions of Title I of the Agricultural Trade Development and Assistance Act, PL 480, 83rd Congress, as amended.

I have the honor to accept your proposal that paragraph 3, Article I, of the above cited Agreement be amended by reducing the amount available for cotton from \$7.8 million to \$430,000; reducing the amount for edible fats and oils from \$3.0 million to \$1.5 million; adding a new commodity, rice, in the export market value of \$11.5 million; increasing the ocean transportation from \$4.1 million to \$5.4 million; and increasing the total market value from \$43.8 million to \$47.73 million.

I also have the honor to accept your proposal that the \$4.4 million in paragraph 1 (a) of Article II be changed to read \$4.8 million and the \$39.4 million in paragraph 1 (b) of Article II be changed to read \$42.93 million.

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

C. Y. KIM
For HYUN CHUL KIM
Minister of Reconstruction

His Excellency Walter C. Dowling
American Ambassador