

No. 3975

**UNITED STATES OF AMERICA
and
CHILE**

**Surplus Agricultural Commodities Agreement under Title I
of the Agricultural Trade Development and Assistance
Act. Signed at Santiago, on 13 March 1956**

**Exchange of notes constituting an agreement for the interim
implementation of the above-mentioned Agreement.
Santiago, 20 and 26 March 1956**

Official texts: English and Spanish.

Registered by the United States of America on 20 August 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHILI**

**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 Santiago,
le 13 mars 1956**

**Échange de notes constituant un accord concernant l'appli-
cation provisoire de l'Accord susmentionné. Santiago,
20 et 26 mars 1956**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 20 août 1957.

No. 3975. SURPLUS AGRICULTURAL COMMODITIES AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND CHILE UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT. SIGNED AT SANTIAGO, ON 13 MARCH 1956

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

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

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

Desiring to set forth the understanding governing the sale of surplus agricultural commodities to Chile by the Government of the United States of America 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

SALE FOR LOCAL CURRENCY

1. Subject to the execution 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 pesos of certain agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954 and specified in paragraph 3 of this Article to purchasers authorized by the Government of Chile.

¹ In accordance with article VII, the Agreement came into force on 2 June 1956, the date of notification to the Government of the United States of America by the Government of Chile that it has approved the Agreement in accordance with its constitutional procedure.

2. The United States Government will issue, within the terms of this Agreement, purchase authorizations which shall include provisions relating to the sale, transfer, and delivery of commodities, the time and circumstances of deposit of pesos accruing from such sales, and other relevant matters, and which shall be subject to acceptance by the Government of Chile.

3. The United States Government undertakes to finance the sale to Chile of the following commodities, in value as indicated, during the United States fiscal year 1956, under the terms of Title I of United States Public Law 480, 83rd Congress :

<i>Commodity</i>	<i>Market Value (Thousands of Dollars)</i>	<i>Approximate Quantity</i>
Wheat	6,220	100,000 M. T.
Edible oil	12,500	36,000 M. T.
Edible tallow	620	2,500 M. T.
Lard	470	1,500 M. T.
Nonfat dry milk solids	980	4,500 M. T.
Forage seed	2,500	2,500 M. T.
Cotton	5,260	30,000 Bales
Tobacco	250	100,000 Lbs.
Frozen beef	3,700	6,000 M. T.
Ocean transportation (est.)	2,100	
TOTAL	34,600	

Article II

USES OF PESOS

1. The two Governments agree that the pesos 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 amounts shown :

- (a) To develop new markets for United States agricultural commodities under section 104 (a), to procure military equipment, materials, facilities and services for the common defense under section 104 (c), to pay United States obligations in Chile under section 104 (f), and for financing international educational exchange activities under section 104 (h) of Title I, peso equivalent of \$6,920,000.
- (b) For loans to the Government of Chile to promote the economic development of Chile under section 104 (g) of Title I, peso equivalent of \$27,680,000 subject to supplemental agreement between the two Governments. In accordance with Article 44, sub-paragraph 2, of the Chilean Constitution, such supple-

mental agreement shall be subject to legislative approval. In the event that pesos set aside for loans to the Government of Chile are not advanced as a result of failure of the two Governments to reach agreement within three years on uses of the pesos for loan purposes or for any other purposes, the Government of the United States may use the pesos for any other purpose authorized by section 104 of the Act.

2. The pesos accruing to the United States under this Agreement shall be expended by the United States 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

DEPOSIT OF PESOS

The pesos to be deposited to United States account will be the dollar sales value of the commodity including that portion of freight and handling reimbursed or financed by the United States, converted into pesos at the exchange rate most generally applicable to import transactions (excluding imports granted a preferential rate) on the date specified in the purchase authorization, but not including the extra cost of any ocean freight resulting from a United States requirement that the commodity be carried on United States flag vessels.

Article IV

LOANS

1. The loans under (b) of paragraph 1 of Article II above shall be denominated in dollars and be disbursed by transferring from the account of the United States Government to the Government of Chile, pesos equivalent to dollar denominated amount of such loan times the weighted average of the rates of exchange at which the pesos were deposited pursuant to Article III.

2. These loans shall be repaid in dollars or pesos and/or by delivery of strategic materials valued at market prices at the time of delivery under terms to be established by supplemental agreements between the two Governments. Such repayments shall be in a total amount equal to the original dollar value of loans extended under (b) of paragraph 1 of Article II, plus interest and shall be made as follows :

(a) Interest will be payable semiannually and shall begin to accrue three years from the date of the first disbursement under the loan ;

- (b) Principal will be repayable semiannually with the first repayment becoming due and payable four years after the date of the first disbursement under the loan and shall be made as follows : the first eight installments will be in the amount of \$210,000 each and thereafter semiannual payments which will retire the loan within 30 years from the end of the month in which the first disbursement is made under the loan agreement.

Article V

GENERAL UNDERTAKINGS

1. The Government of Chile 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 Title I of the Agricultural Trade Development and Assistance Act of 1954, and to assure that the importation 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 the sale of surplus agricultural commodities pursuant to Title I of 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 Chile 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 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 operations carried out pursuant to this Agreement.

Article VII

ENTRY INTO FORCE

This Agreement shall enter into force on the date on which the Government of the United States of America is notified by the Government of Chile that Chile has approved the Agreement in accordance with its constitutional procedures.

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

DONE at Santiago in duplicate in the English and Spanish languages this thirteenth day of March, 1956.

For the Government of the United States of America :
By Willard L. BEAULAC

For the Government of the Republic of Chile :
By Enrique O. BARBOSA

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
CHILE FOR THE INTERIM IMPLEMENTATION OF THE
SURPLUS AGRICULTURAL COMMODITIES AGREEMENT
OF 13 MARCH 1956.² SANTIAGO, 20 AND 26 MARCH 1956

I

The American Ambassador to the Chilean Minister of Foreign Affairs

No. 155

Santiago, March 20, 1956

Excellency :

I have the honor to refer to the Surplus Agricultural Commodities Agreement between the United States of America and Chile, signed on March 13, 1956,² which provided, *inter alia*, that the Agreement shall enter into force on the date on which the Government of the United States of America is notified by the Government of Chile that Chile has approved the Agreement in accordance with its constitutional procedures.

In view of the desirability of entering into transactions for the purchase and sale of agricultural commodities under the Agreement as soon as possible, the Government of Chile, pending entry into force of the Agreement, will take such interim measures as are within its power to implement the purposes of Article I and other related provisions of said Agreement in accordance with the following understanding :

1. Upon receipt of documents showing dollar disbursements by United States banking institutions or the Commodity Credit Corporation, or upon receipt of notification of dollar disbursements by the Commodity Credit Corporation for ocean transportation costs, the Government of Chile shall arrange to deposit the equivalent of such dollar disbursement or disbursements to a special trust account in the Central Bank of Chile in the name of the Government of the United States at the rate of exchange provided in the Agreement. Withdrawals from the special trust account shall be made for the following purposes only :

- A. Refunds provided under Title I of Public Law 480 regulations for Purchase Authorizations and Paragraph 2 of this procedure ;
- B. Transfers to a special account pursuant to Paragraph 2 of this procedure ;
- C. Conversions to dollars for the account of the Commodity Credit Corporation pursuant to Paragraph 3 of this procedure.

¹ Came into force on 26 March 1956 by the exchange of the said notes.

² See p. 50 of this volume.

2. If the Agreement enters into force, pesos equivalent to the amount of ocean freight differential, if any, incurred on United States flag vessels required to be used will be refunded to the Government of Chile, and the balance in the special trust account will be transferred and deposited in the special account of the Government of the United States in the Central Bank of Chile in accordance with the provisions of the Agreement. Thereafter, pesos accruing under the program will be deposited in accordance with such procedure.

3. In the event the Agreement fails to enter into force prior to June 30, 1956, the following actions will be taken :

- A. All authorizations will be revoked. However, financing procedure prescribed herein shall apply to all sales contracts between importers and suppliers entered into pursuant to such authorizations prior to the effective date of such revocation ;
- B. The pesos in the special trust account will be released to the Commodity Credit Corporation and converted into dollars for the account of the Commodity Credit Corporation by the Government of Chile at the same rate of exchange at which they were deposited. It is understood that such conversion will be made without cost to the Commodity Credit Corporation.

If the above meets with the approval of your Government, your note of approval confirming the above will be appreciated.

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

Willard L. BEAULAC

His Excellency Don Enrique O. Barbosa Baeza
Minister of Foreign Affairs
Santiago

II

The Chilean Minister of Foreign Affairs to the American Ambassador

[SPANISH TEXT — TEXTE ESPAGNOL]

REPÚBLICA DE CHILE
MINISTERIO DE RELACIONES EXTERIORES
Dirección Económica
Departamento de Asuntos Económicos
Sección Estudios

Nº 02534

Santiago, 26 Mar. 1956

Señor Embajador :

Tengo el honor de informar a Vuestra Excelencia que en el día de hoy he tomado conocimiento de su atenta Nota Nº 155, fechada el 20 de Marzo en curso, cuyo texto es el siguiente :

Queda entendido que tal conversión será efectuada sin costo para la Commodity Credit Corporation.

Si lo anteriormente expuesto cuenta con la aprobación de su Gobierno, agradecería una respuesta en tal sentido que lo confirme.

Ruego a Vuestra Excelencia aceptar las renovadas seguridades de mi más alta consideración.

(Firmado) Willard L. BEAULAC."

En respuesta, me complace manifestar a Vuestra Excelencia que el Gobierno de Chile está conforme con los términos de la Nota transcrita.

Con este motivo me es grato renovar a Vuestra Excelencia el testimonio de mi más distinguida consideración.

Enrique O. BARBOSA

Ai Excmo. Willard L. Beaulac
Embajador Extraordinario y Plenipotenciario
de los Estados Unidos de América

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF CHILE
MINISTRY OF FOREIGN RELATIONS
Office of the Economic Director
Department of Economic Affairs
Research Section

No. 02534

Santiago, March 26, 1956

Mr. Ambassador :

I have the honor to inform Your Excellency that I have today duly considered your courteous note No. 155, dated March 20, 1956, which reads as follows :

[See note I]

In reply, I am happy to inform Your Excellency that the Government of Chile agrees to the terms of the transcribed note.

Accordingly, I take pleasure in renewing to Your Excellency the assurance of my most distinguished consideration.

Enrique O. BARBOSA

His Excellency Willard L. Beaulac
Ambassador Extraordinary and Plenipotentiary
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.