

**No. 4001**

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**UNITED STATES OF AMERICA  
and  
SPAIN**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act.  
Signed at Madrid, on 23 October 1956**

*Official texts: English and Spanish.*

*Registered by the United States of America on 28 September 1957.*

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

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre I de la loi tendant à développer et à favoriser  
le commerce agricole. Signé à Madrid, le 23 octobre  
1956**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 28 septembre 1957.*

No. 4001. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
SPAIN UNDER TITLE I OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT. SIGN-  
ED AT MADRID, ON 23 OCTOBER 1956

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The Government of the United States of America and the Government of Spain,

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 of America in these commodities or unduly disrupt world prices of agricultural commodities;

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

Considering that the pesetas accruing 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 Spain pursuant to Title I of the Agricultural Trade Development and Assistance Act, 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 PESETAS

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Spain, of purchase authorizations, the Government of the United States of America undertakes to finance, on or before June 30, 1957, the sale to purchasers authorized by the Government of Spain for pesetas, of the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act in the amount indicated :

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<sup>1</sup> Came into force on 23 October 1956, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Amount (Million)</i>
Corn . . . . .	\$3.8
Beef . . . . .	12.5
Cotton seed oil/soybean oil . . . . .	22.2
Inedible tallow . . . . .	2.8
Linseed oil . . . . .	.5
Tobacco . . . . .	2.0
Ocean transportation (estimated) . . . . .	5.8
	\$49.6

Purchase authorisations issued pursuant to the above will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the pesetas accruing from such sale and other relevant matters.

## *Article II*

### USES OF PESETAS

1. The two Governments agree that the pesetas accruing to the Government of the United States of America as a consequence of the sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown :

(a) To help develop new markets for United States agricultural commodities and for other expenditures by the Government of the United States of America in Spain under sub-sections (a), (f) and (i) of Section 104 of the Act, the pesetas equivalent of \$14.4 million.

(b) To provide assistance of the types provided for under sub-sections 104 (j) of the Act, an amount not to exceed the (local currency) equivalent of \$0.5 million.

(c) For loans to the Government of Spain to promote the economic development of Spain under Section 104 (g) of the Act, the peseta equivalent of \$34.7 million. Not less than the peseta equivalent of \$8.7 million of this sum will be reserved for relending to private enterprise through established banking facilities under procedures to be agreed upon by the two Governments.

The terms and conditions of loans provided for in (c) above will be included in supplemental agreements between the two Governments. It is understood that loans will be denominated in dollars, with payment of principal and interest to be made in U. S. dollars or, at the option of the Government of Spain, in

pesetas, such payments in pesetas to be made at the applicable exchange rate as defined in the loan agreement, in effect on the date of the payment. It is further understood that loan funds shall be disbursed only after prior agreement as to the uses of such loan funds. In the event the pesetas set aside for loans to the Government of Spain 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 the use of the pesetas for loan purposes, the Government of the United States of America may use the pesetas for any other purpose authorized by Section 104 of the Act.

2. To the extent that the total of pesetas accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the equivalent of \$49.6 million, the amount available for loans to the Government of Spain would be reduced by an equivalent amount; to the extent that the total exceeds the peseta equivalent of \$49.6 million, 30 percent of the excess would be available for the use of the Government of the United States of America under Section 104 (*f*) and 70 percent of loans to Spain under Section 104 (*g*).

### *Article III*

#### DEPOSIT OF PESETAS

The deposit of pesetas to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall, under the present Spanish exchange system, be made at the free official market rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

In case of a change in the Spanish exchange system, the rate will be determined by negotiation.

### *Article IV*

#### GENERAL UNDERTAKINGS

1. The Government of Spain agrees that it will take all possible measures to prevent the resale or transshipment to other countries, of the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America),

the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities to nations unfriendly to the United States of America.

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 of America 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 Spain agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions of commodities and the provisions for the maintenance of usual marketings and information relating to exports of the same or 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 in duplicate at Madrid in the English and Spanish languages, this 23rd day of October, Nineteen Hundred and Fifty Six.

For the Government  
of the United States of America :  
John Davis LODGE

For the Government  
of Spain :  
Alberto MARTÍN ARTAJO