

No. 4024

**UNITED STATES OF AMERICA
and
KOREA**

**Exchange of notes constituting an agreement relating to
agricultural commodities. Washington, 30 January
1957**

Official text: English.

Registered by the United States of America on 19 October 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
CORÉE**

**Échange de notes constituant un accord relatif aux produits
agricoles. Washington, 30 janvier 1957**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 19 octobre 1957.

No. 4024. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND KOREA RELATING TO AGRICULTURAL COMMODITIES. WASHINGTON, 30 JANUARY 1957

I

The Secretary of State to the Korean Minister of Reconstruction

DEPARTMENT OF STATE
WASHINGTON

January 30, 1957

Excellency :

I have the honor to refer to discussions which have recently taken place between our Governments regarding the sale of agricultural commodities to the Government of the Republic of Korea by the Government of the United States of America.

It is my understanding that in the course of the discussions, now terminated, agreement has been reached as follows :

AGRICULTURAL COMMODITIES AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF KOREA UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT

The Government of the United States of America and the Government of the Republic 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 of America 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 of America will assist in achieving such an expansion of trade;

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

¹ Came into force on 30 January 1957 by the exchange of the said notes.

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of the Republic of Korea 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 KOREAN HWAN

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Korea during the period ending June 30, 1957, of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of the Republic of Korea, for hwan, 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 :

<i>Commodity</i>	<i>Amount (Millions)</i>
Rice	\$11.0
Wheat	2.1
Barley	3.8
Ocean Transportation (Est. 50%)	2.0
	TOTAL \$18.9

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

Article II

USES OF HWAN

1. The two Governments agree that the hwan 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 a 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) For international educational exchange, for financing the translation, publication and distribution of books and periodicals, and for other expenditures by the Government of the United States of America under subsections 104 (f), 104 (h), and 104 (i) of the Act, the hwan equivalent of \$2.1 million.
- (b) To provide assistance of the types provided for under subsection 104 (j) of the Act, the hwan equivalent of not to exceed \$600,000.
- (c) To procure military equipment, materials, facilities and services for the Korean defense forces in accordance with subsection (c) of Section 104 of the Act the hwan equivalent of \$16.2 million.

2. In the event the total of hwan accruing to the Government of the United States of America as a consequence of sales made pursuant to this agreement is less than the hwan equivalent of \$18.9 million, the amount available for a grant to the Government of the Republic of Korea under subsection 104 (c) will be reduced by the amount of such difference; in the event the total hwan deposit exceeds the equivalent of \$18.9 million, 15 percent of the excess will be available for the use of the Government of the United States of America under subsections 104 (f), 104 (h), and 104 (i) and 85 percent will be available for the grant.

Article III

DEPOSIT OF HWAN

The deposit of hwan 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 be made at the rate of exchange for United States dollars at which the United States Armed Forces have obtained hwan on the dates of dollar disbursement by United States banks, or by the Government of the United States of America or the nearest preceding date, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of Korea agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or 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), of 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 precaution 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 the Republic of Korea 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.

I have the honor to propose that upon the receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of the Republic of Korea, the Government of the United States of America will consider that this note and your reply concurring therein shall constitute an agreement between our Governments on this subject, the agreement to come into force on the date of your note in reply.

Accept, Excellency, the assurances of my highest consideration.

For the Secretary of State :

Thorsten V. KALIJARVI
Acting Deputy Under Secretary of State
for Economic Affairs

His Excellency Kim Hyun-chul
Minister of Reconstruction of Korea

II

The Korean Minister of Reconstruction to the Secretary of State

KOREAN EMBASSY
WASHINGTON, D.C.

January 30, 1957

Excellency :

I have the honor to acknowledge the receipt of your note of January 30, 1957, containing the text of a proposed agreement for the sale by the Government of the United States of America to the Government of the Republic of Korea of certain agricultural commodities in the value of \$18.9 million.

I have the honor to assure Your Excellency that the text embodied in your note of January 30, 1957, is acceptable and, therefore, the present note, together with Your Excellency's note to which reference is made constitutes an agreement between our two Governments, which will enter into force on the date of the present note.

Accept, Excellency, the assurances of my highest consideration.

HYUN CHUL KIM
Minister of Reconstruction
Republic of Korea

His Excellency John Foster Dulles
Secretary of State of the United States of America
Washington