

No. 4260

**ITALY
and
UNITED STATES OF AMERICA**

Exchange of notes constituting an agreement concerning the programme for the purchase of surplus American agricultural commodities to a value of five million dollars in accordance with section 402 of the Mutual Security Act of 1954. Rome, 27 February 1956

Official texts: English and Italian.

Registered by Italy on 25 March 1958.

**ITALIE
et
ÉTATS-UNIS D'AMÉRIQUE**

Échange de notes constituant un accord concernant le programme d'achat des produits agricoles américains en surplus jusqu'à concurrence d'un montant de cinq millions de dollars, au titre de la section 402 de la loi de 1954 sur la sécurité mutuelle. Rome, 27 février 1956

Textes officiels anglais et italien.

Enregistré par l'Italie le 25 mars 1958.

No. 4260. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN ITALY AND THE UNITED STATES OF AMERICA CONCERNING THE PROGRAMME FOR THE PURCHASE OF SURPLUS AMERICAN AGRICULTURAL COMMODITIES TO A VALUE OF FIVE MILLION DOLLARS IN ACCORDANCE WITH SECTION 402 OF THE MUTUAL SECURITY ACT OF 1954. ROME, 27 FEBRUARY 1956

I

[ITALIAN TEXT — TEXTE ITALIEN]

IL MINISTRO DEL BILANCIO

No. 22/00187

Roma, li 27 febbraio 1956

Caro Signor Tasca,

Il Governo della Repubblica Italiana ha preso nota del fatto che l'International Cooperation Administration (I. C. A.) ha in programma di vendere eccedenze agricole statunitensi su base C & F in cambio di valuta dei Paesi importatori delle derrate : tale valuta a sua volta verrà impiegata dall'I. C. A. per finanziare le esportazioni dai Paesi che acquistano le derrate verso le Nazioni che ricevono assistenza nel quadro del Programma di Sicurezza Mutua. Il Governo della Repubblica Italiana desidera acquistare determinati prodotti agricoli in base a detto programma.

Il Governo della Repubblica Italiana è informato del fatto che il finanziamento in dollari di qualsiasi derrata agricola che esso può importare nel quadro di questo programma deriva dai fondi originariamente stanziati per i Paesi che ricevono un aiuto di sicurezza reciproca dagli Stati Uniti, e sa pertanto che è compito dell'I. C. A. di assicurarsi che il ricavato delle vendite delle derrate sia impiegato in modo economico e spedito per il completamento dei programmi di aiuto alle Nazioni per le quali i fondi in dollari erano stati originariamente stanziati. Il Governo della Repubblica Italiana è pronto a cooperare con l'I. C. A. nell'utilizzo, nell'ambito del nostro Paese, di qualsiasi quantità di valuta che il Governo degli Stati Uniti possa ricevere come corrispettivo delle vendite dei prodotti agricoli nel quadro di questo programma, e a dare al Governo degli Stati Uniti ogni ragionevole aiuto nel rendere disponibili per l'esportazione le merci del tipo desiderato dai Paesi

¹ Came into force on 27 February 1956 by the exchange of the said notes.

[TRANSLATION — TRADUCTION]

THE MINISTER OF THE BUDGET

No. 22/00187

Rome, 27 February 1956

Sir,

[See note II]

ZOLI

Mr. Henry J. Tasca
Minister of Economic Affairs
Director of the United States Operations Mission
Rome

II

OPERATIONS MISSION TO ITALY
UNITED STATES OF AMERICA

Rome, February 27, 1956

Dear Mr. Minister :

This will acknowledge receipt of your letter of February 27 as follows :

“My Government has taken note of the program of the International Co-operation Administration (I.C.A.) to sell surplus U.S. agricultural commodities on a C & F basis for currencies of the commodity-importing countries, such currencies to be used in turn by the I.C.A. to finance exports from the commodity-purchasing countries to nations receiving assistance under the Mutual Security Program. My Government is desirous of purchasing certain agricultural commodities under this program.

“My Government has been apprised of the fact that the dollar financing of any agricultural commodities it may import under this program derives from funds originally appropriated for countries receiving mutual security assistance from the United States and understands that it is incumbent on the I. C. A. to insure that the proceeds from the commodity sales are used economically and speedily in the fulfillment of aid programs of the nations for which the dollar funds were originally appropriated. My Government is ready to cooperate with the I.C.A. in the utilization, within our country or possessions, of any of its currency which the Government of the United States may acquire as a result of commodity sales under this program, and to give the Government of the United States every reasonable assistance in making available for export goods of the types desired by the aid receiving countries and to allow the currencies to be used to finance transport to destination.

"Referring to discussions which have taken place between us, I should like to confirm the following understanding :

"1. The I. C. A. will establish a program under which the Government of Italy may purchase in the United States up to \$ 5 million worth of surplus agricultural commodities under Section 402 of the Mutual Security Act of 1954, as amended, and transport the same to Italy.

"2. The program contemplates for its execution a series of procurement authorizations issued by the I. C. A., based on specific requests by the Government of Italy, for particular surplus agricultural commodities. These requests will be accepted by the I. C. A. in the amount and quantity desired by the Government of Italy, provided that satisfactory progress is being made both in the program of agricultural commodity purchases under any previous procurement authorization and in the program of export sales from Italy to aid-receiving countries, based on U. S. owned lire derived from the sale of agricultural commodities under this agreement.

"3. At least 50 % of the liner tonnage and at least 50 % of the tramp tonnage of agricultural commodities transported under each procurement authorization issued under this program will be transported in U. S. flag commercial vessels.

"4. The Government of Italy will deposit into a special account in the name of the Government of the United States, upon notification of dollar disbursements by the I. C. A. for commodities purchased by Italy under this program, an amount of lire equivalent to such dollar disbursements. The lire equivalent will be calculated at the rate of exchange applicable to all United States Government transactions in Italy pursuant to the agreement concluded on January 25, 1947, and the agreement contained in the subsequent exchange of letters between the United States and Italian Governments dated April 15, 1948.

"5. Upon receipt by the Government of Italy of any procurement authorization issued by the I. C. A. for commodities and/or transport under this program, the Government of Italy will make immediate advance deposits into the special account described in paragraph 4 equivalent to 50 percent of the value of each such procurement authorization. In the event that the funds in the special account are insufficient to cover procurement authorizations issued to third countries for use in Italy, the Government of Italy undertakes to deposit immediately whatever additional funds may be necessary.

"6. The I. C. A. will reimburse the Government of Italy in lire in the amount by which the transportation costs incurred for shipment on U. S. flag commercial vessels exceeds transportation costs which would have been incurred for shipment as of the same time on non-U. S. flag commercial vessels. This amount will be established by the Office of Transportation, of the International Cooperation Administration, based on the request of the Government of Italy supported by documentary evidence establishing such differential as soon as practical after each shipment of the commodity has been booked. The reimbursement shall be made out of the lire deposited by the Government of Italy in accordance with paragraph 4.

"7. The I. C. A. will use the lire deposited pursuant to paragraph 4 to finance the purchase in Italy of such commodities to be exported to such countries receiving aid from the Government of the United States as the I. C. A. shall determine. It is the intention of the I. C. A. to utilize for this purpose the lire so deposited as rapidly as possible.

"8. The Government of Italy will take all steps necessary to insure that its acts or rules result in no restrictions upon the use by the I. C. A. of the lire deposited pursuant to paragraph 4 which are discriminatory as to price, availability of commodities for export, or in any other way compared with purchases made in lire by any other foreign purchaser using any currency.

"9. It is understood that by virtue of Section 9 (d) of the Mutual Security Act of 1955, there is no U. S. flag vessel shipping preference for the shipment of commodities from Italy to countries receiving aid from the Government of the United States which have been purchased with lire deposited pursuant to paragraph 4.

"10. Purchases of any U. S. surplus agricultural commodities under this Agreement by the Government of Italy will not diminish or delay its purchases of the same commodity pursuant to any existing agreement under Section 402 of the Mutual Security Act of 1954, as amended, or any procurement authorization issued thereunder.

"11. The Government of Italy agrees that the utilization by the I. C. A. of any lire advanced by the Government of Italy pursuant to paragraph 5 shall impose no obligation upon the Government of the United States to make any reimbursement to the Government of Italy except in U. S. surplus agricultural commodities under the program described in this agreement. In the event market conditions delay utilization of procurement authorizations issued pursuant to paragraph 1 within the time originally foreseen and despite bonafide efforts to fulfill the original terms of such procurement authorizations, the Government of the United States undertakes upon request of the Italian Government to consult with the Italian Government on the extension or modification of such procurement authorizations, it being understood that after such amendments or modifications of the procurement authorizations they shall still authorize procurement of surplus agricultural commodities only (including freight where customary). The total value of procurement of all the surplus agricultural commodities concerned shall be maintained.

"12. This Agreement may be amended or modified by subsequent agreements between the Government of Italy and the I. C. A. and such additional arrangements will be concluded as may be necessary to carry out the objectives of this Agreement, including agreements to increase the amount of surplus agricultural commodities to be purchased by the Government of Italy beyond the amount stated in paragraph 1.

"I would appreciate receiving your reply that the foregoing understandings are concurred in by the I.C.A."

This will confirm that the foregoing is concurred in by the International Cooperation Administration.

Cordially yours,

Henry J. TASCA

The Honorable Adone Zoli
Minister of the Budget
Rome