

No. 4330

**UNITED STATES OF AMERICA
and
MEXICO**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act
(with two Memoranda of Understanding and exchange
of notes). Signed at Mexico, on 23 October 1957**

Official texts: English and Spanish.

Registered by the United States of America on 7 May 1958.

**ÉTATS-UNIS D'AMÉRIQUE
et
MEXIQUE**

**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 deux Mémoires d'ac-
cord et échange de notes). Signé à Mexico, le 23 oc-
tobre 1957**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 7 mai 1958.

No. 4330. AGRICULTURAL COMMODITIES AGREEMENT¹
 BETWEEN THE GOVERNMENT OF THE UNITED
 STATES OF AMERICA AND THE GOVERNMENT OF
 THE UNITED MEXICAN STATES UNDER TITLE I OF
 THE AGRICULTURAL TRADE DEVELOPMENT AND
 ASSISTANCE ACT. SIGNED AT MEXICO, ON 23 OCTOBER
 1957

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

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

Considering that the Mexican pesos 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 the Government of Mexico 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 PESOS

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Mexico during the period ending June 30, 1958, of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Mexico, for pesos, of the following agricultural commodity 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 (Million \$)</i>
Corn	26.6
Ocean transportation (est.)	1.6
	TOTAL \$28.2

¹ Came into force on 23 October 1957, upon signature, in accordance with article VI.

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 pesos accruing from such sale and other relevant matters.

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 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 may determine, for the following purposes, in the amounts shown :

- (a) To help develop new markets for United States agricultural commodities, 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 Sub-sections 104 (a), 104 (f), 104 (h), and 104 (i) of the Act, the peso equivalent of \$6.6 million.
- (b) To provide assistance of the types provided for under Sub-section 104 (j) of the Act, the peso equivalent of an amount not to exceed \$900,000.
- (c) For loans to be made by the Export-Import Bank of Washington under Sub-section 104 (e) of said Act and for administrative expenses of the Export-Import Bank of Washington in Mexico incident thereto the peso equivalent of \$7.1 million, but not more than 25% of the currencies received under the Agreement. Such loans will be made to United States business firms and branches, subsidiaries or affiliates of such firms in Mexico for business development and trade expansion in Mexico and to United States firms, and to Mexican firms for the establishment of facilities for aiding in the utilization, distribution or otherwise increasing the consumption of and markets for United States agricultural products. It is understood that such loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Mexico. The Nacional Financiera will act on the behalf of the Government of Mexico in this matter. In the event the pesos set aside for loans under Sub-section 104 (e) of said Act are not advanced within three years from the date of this Agreement because Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to Export-Import Bank of Washington and the Nacional Financiera, the Government of the United States of America may use the pesos for any purpose authorized by Section 104 of the Act.

- (d) For a loan to the Government of Mexico to promote the economic development of Mexico under Sub-section 104 (g) of the Act, the peso equivalent of \$13.6 million, the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in U.S. dollars. It is further understood that loan funds shall be disbursed only after prior agreements as to the uses of such loan funds. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. In the event the pesos set aside for loans to the Government of Mexico 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 pesos for loan purposes, the Government of the United States of America may use the pesos for any other purpose authorized by Section 104 of the Act.

2.—In the event the total of pesos accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the peso equivalent of \$28.2 million the amount available for a loan to the Government of Mexico under Sub-section 104 (g) would be reduced by the amount of such difference; in the event the total peso deposit exceeds the equivalent of \$28.2 million, 48 per cent would be available for the loan under 104 (g) and 52 per cent for any use or uses authorized under Section 104 as determined by the Government of the United States of America.

Article III

DEPOSIT OF MEXICAN PESOS

The deposit of Mexican pesos 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 generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1.—The Government of Mexico 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 Mexico 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 the City of Mexico in the English and Spanish languages, this twenty-third day of October, 1957.

For the Government of the United States of America :

Robert C. HILL

Ambassador Extraordinary and Plenipotentiary of the United States of America
to the United Mexican States

For the Government of the United Mexican States :

José GOROSTIZA

Under-Secretary for Foreign Affairs in charge of the Ministry

FIRST MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF MEXICO RELATIVE TO AGRICUL-
TURAL COMMODITIES AGREEMENT DATED OCTOBER
23rd, 1957

The Government of the United States of America and the Government of Mexico have agreed as follows :

Section I

SCHEDULE OF SHIPMENTS

Subject to the provisions of the Agricultural Commodities Agreement between the two Governments dated October 23, 1957, it is understood that the Government of the United States of America will issue, and the Government of Mexico will accept, purchase authorizations during the period ending ninety calendar days from the effective date of the Agreement. It is further understood that the Government of Mexico will complete purchases of commodities on or before June 30, 1958, and complete shipment on or before September 30, 1958.

Section II

MAINTENANCE OF STOCK LEVELS

It is understood that the Government of Mexico will ensure that Government holdings of corn at the end of the 1957-1958 Mexican crop year (September 30, 1958) will be no less than 200,000 metric tons and that this amount will be the minimum maintained for a period of three years.

Section III

USUAL MARKETING

The two Governments agree that imports of corn under the Agricultural Commodities Agreement dated October 23, 1957, to which this Memorandum relates shall be over and above usual commercial imports of corn for the period covered by this Agreement. Commercial imports from the United States shall be in the amount of 400,000 metric tons during the period July 1, 1957, through September 30, 1958.

Mexico City, October 23rd, 1957

J. G.

R. C. H.

SECOND MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF MEXICO RELATIVE TO AGRICUL-
TURAL COMMODITIES AGREEMENT DATED OCTOBER
23rd, 1957

In arriving at mutual agreement concerning loans eligible under Subsection 104 (e) Title I of the Agricultural Trade Development and Assistance Act, the Director General of the Nacional Financiera, or his designate, will act for the Government of Mexico, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.

Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the Nacional Financiera of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, the general purposes for which the loan proceeds would be expended, and the probable range of (1) the interest rate and (2) the repayment period.

Within sixty days after the receipt of such notice the Nacional Financiera will indicate to the Export-Import Bank whether or not the Nacional Financiera is receptive to the proposed loan. Unless within the sixty day period the Export-Import Bank has received such a communication from the Nacional Financiera it shall be understood that the Nacional Financiera has no objection to the proposed loan.

The Export-Import Bank will not take favorable action on a loan until Nacional Financiera has indicated its approval of the loan either by an affirmative indication or by refraining from any indication within the 60 day period as

above provided. When the Export-Import Bank has acted on a loan it will notify Nacional Financiera.

In approving a loan, the Export-Import Bank will (1) fix an interest rate similar to that prevailing in Mexico on comparable loans; and (2) establish maturities similar to those of Export-Import Bank dollar loans to private enterprises.

Mexico City, October 23rd, 1957

R. C. H.

J. G.

EXCHANGE OF NOTES

I

The American Ambassador to the Mexican Minister for Foreign Affairs

No. 381.

Mexico, D. F., October 23, 1957

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Mexico signed today and in particular to Article II, Paragraph 1 (a), concerning the development of new markets for United States agricultural commodities.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Ministry of Foreign Affairs with reference to the conversion of an amount not to exceed the peso equivalent of \$2.5 million into other currencies upon request by the Government of the United States of America. Such conversions will be made for an amount not to exceed the equivalent of \$750,000 every six months beginning with the deposit of the pesos. This facility is requested for the purpose of having funds to pay for international transportation of United States and other personnel engaged in agricultural marketing development activities and to finance market development activities in third countries and procure supplies and equipment for such purposes.

I shall appreciate receiving Your Excellency's confirmation of the above understanding.

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

Robert C. HILL

His Excellency Luis Padilla Nervo
Minister for Foreign Affairs
Mexico, D. F.

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS
UNITED MEXICAN STATES
MEXICO

506841

México, D. F., October 23, 1957

Mr. Ambassador :

I have the honor to refer to Your Excellency's courteous note No. 381, of today's date, the text of which reads as follows :

[*See note I*]

In reply, I am happy to inform Your Excellency that my Government accepts your Government's interpretation of the Agricultural Commodities Agreement between Mexico and the United States of America as given in the pertinent part and the wording of the note transcribed above.

I renew to Your Excellency the assurances of my highest and most distinguished consideration.

José GOROSTIZA

His Excellency Robert C. Hill
Ambassador of the United States of America
City

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.