

No. 4447

**UNITED STATES OF AMERICA
and
KOREA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with Memorandum of Understanding).
Signed at Seoul, on 5 February 1958**

Official text: English.

Registered by the United States of America on 24 July 1958.

**ÉTATS-UNIS D'AMÉRIQUE
et
CORÉE**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favoriser le
commerce agricole, telle qu'elle a été modifiée (avec
Mémorandum d'accord). Signé à Séoul, le 5 février
1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 24 juillet 1958.

No. 4447. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF THE REPUB-
LIC OF KOREA UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT SEOUL, ON 5 FEBRUARY 1958

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 ;

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

1. Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Korea 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,

¹ Came into force on 5 February 1958, the date of signature, in accordance with article VI.

for Korean hwan, of the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, in the amounts indicated :

<i>Commodity</i>	<i>Amount (millions)</i>
Wheat and wheat products	\$24. 5
Barley	12. 3
Grain sorghums	2. 1
Corn	1. 5
SUB-TOTAL	\$40. 4
Ocean Transportation	9. 6
TOTAL	\$50. 0

2. Purchase authorizations must be issued pursuant to the above within 90 calendar days following the date the agreement is signed. The purchase authorization 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 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 procure military equipment, materials, facilities and services for the Korean defense forces in accordance with Section 104 (c) of the Act, as amended, the hwan equivalent of \$ 41.0 million.
- b. For expenditures by the Government of the United States of America in Korea under Section 104 (f) of the Act, as amended, the hwan equivalent of \$ 7.0 million.
- c. For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of the Act, as amended, and for administrative expenses of the Export-Import Bank of Washington in Korea incident thereto, the hwan equivalent of \$ 2.0 million but not more than 25 percent 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 Korea for business development and trade expansion in Korea and to United States firms and Korean 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 each such loan will be mutually agreeable to the Export-Import Bank of Washington and the Government of the Republic of Korea. The Bank of Korea will act on the behalf of the Government of the Republic of Korea in this matter. The Government of the United States of America reserves the right, however, to use for any purposes authorized under Section 104 the hwan herein designated for loans under Section 104 (e).

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 \$50.0 million, the amount available for common defense purposes under Section 104 (c) will be reduced by the amount of such difference; in the event the total hwan deposits exceed the equivalent of \$50.0 million, 18 percent of the excess will be available for the use of the Government of the United States of America under Sections 104 (e) and (f) and 82 percent for purposes authorized by Section 104 (c).

Article III

DEPOSIT OF KOREAN HWAN

The deposit of Korean 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 disbursements by United States banks, or by the Government of the United States of America or the nearest preceding date, as provided in the purchase authorization.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of Korea agrees that it will take all possible measures to prevent the resale, 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 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 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.

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 Seoul, this 5th day of February, 1958.

For the Government
of the United States of America :

Walter C. DOWLING
American Ambassador

For the Government
of the Republic of Korea :

IN SONG
Minister of Reconstruction

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT
OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT
OF THE REPUBLIC OF KOREA

In arriving at mutual agreement concerning loans eligible under Section 104 (e) the Governor of the Bank of Korea, or his designate, will act for the Government of the Republic of Korea, 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 Bank of Korea 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 Bank of Korea will indicate to the Export-Import Bank whether or not the Bank of Korea is receptive to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Bank of Korea, it shall be understood that the Bank of Korea has no objection to the proposed loan.

When the Export-Import Bank approves or declines the proposed loan, it will notify the Bank of Korea.

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

W. C. D.

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