

No. 4569

**UNITED STATES OF AMERICA
and
BURMA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at
Rangoon, on 27 May 1958**

Official text: English.

Registered by the United States of America on 25 November 1958.

**ÉTATS-UNIS D'AMÉRIQUE
et
BIRMANIE**

**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
échange de notes). Signé à Rangoon, le 27 mai 1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 25 novembre 1958.

No. 4569. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE UNION OF BURMA UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND AS-
SISTANCE ACT, AS AMENDED. SIGNED AT RAN-
GOON, ON 27 MAY 1958

The Government of the United States of America and the Government of the Union of Burma :

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

Considering that the Burmese kyat 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 Union of Burma 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 BURMESE KYAT

1. Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Union of Burma of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of the Union of Burma, for Burmese kyat, 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 amount indicated :

¹ Came into force on 27 May 1958, upon signature, in accordance with article VI.

| <i>Commodity</i> | <i>Export Market Value (Million)</i> |
|---|--|
| Cotton, upland | \$13.6 |
| Tobacco | 1.0 |
| Soybean oil and cottonseed oil | 1.8 |
| Dairy products | 0.6 |
| | SUB-TOTAL \$17.0 |
| Ocean transportation (est. 50%) | 1.0 |
| | TOTAL \$18.0 |

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 kyat accruing from such sale and other relevant matters.

Article II

USE OF KYAT

1. The two Governments agree that the kyat 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 Sections 104 (a), 104 (f), 104 (h) and 104 (i) of the Act, as amended, the kyat equivalent of \$2.8 million.
- b. To provide assistance of the types provided for under Section 104 (j) of the Act, as amended, an amount not to exceed the kyat equivalent of \$0.75 million.
- c. For a loan to the Government of the Union of Burma to promote the economic development of the Union of Burma under Section 104 (g) of the Act, as amended, the kyat equivalent of \$14.45 million, the terms and conditions of which will be included in a supplemental agreement between the two Governments. Not less than \$4.5 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. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in United States dollars, or, at the option of the Government of the Union of Burma, in kyat, such payments in kyat to be made at the applicable exchange rate as defined in the loan agreement, in effect on the date of payment. It is further understood that the loan funds shall be disbursed only after prior agreement 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 kyat set aside for loans to the Government of the Union of Burma 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 kyat for loan purposes, the Government of the United States of America may use the kyat for the purposes specified in subparagraphs (a) and (b) of this paragraph.

2. In the event the total of kyat accruing to the Government of the United States of America, as a consequence of sales made pursuant to this Agreement, is less than the kyat equivalent of \$18.0 million, the amount available for a loan to the Government of the Union of Burma under Section 104 (g) may be reduced by the amount of such difference; in the event the total kyat deposits exceed the equivalent of \$18.0 million 75 per cent of the excess may be available for loans under Section 104 (g), and 25 per cent may be available for any use or uses specified in subparagraphs (a) and (b) of paragraph 1 of this Article.

Article III

DEPOSIT OF BURMESE KYAT

The deposit of Burmese kyat 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 United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Union of Burma agrees that it will take all possible measures to prevent the sale 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 for exports to other countries.

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 appropriate steps shall be taken to assure that private trade channels in the United States are used to the maximum extent practicable. The two Governments will also use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of the Union of Burma 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 Rangoon, this twenty-seventh day of May, 1958.

For the Government of the United States of America :
Walter P. McCONAUGHY

[SEAL]

For the Government of the Union of Burma :
J. BARRINGTON

[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Permanent Secretary of the Burmese Foreign Office

AMERICAN EMBASSY
RANGOON, BURMA

No. 2019

May 27, 1958

Sir :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Union of Burma signed today.¹

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Government of the Union of Burma with respect to the conversion of kyat into other currencies and to certain other matters relating to the use of kyat accruing under the subject agreement for agricultural market development purposes by the Government of the United States of America under Section 104 (a) of the Agricultural Trade Development and Assistance Act.

1. The Government of the Union of Burma will provide facilities for the conversion of the equivalent of \$150,000 worth of kyat into sterling on request of the Government of the United States of America, it being understood that such requests will be spread over an 18 month period and will not exceed \$50,000 for each six month period. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States of America in other countries.

2. It is also understood that the Government of the United States of America may utilize kyat in Burma to pay for international transportation and travel originating either in Burma or in the United States, including connecting transportation.

¹ See p. 198 of this volume.

3. It is also understood that the Government of the United States of America may utilize kyat to procure in Burma goods and services needed in connection with agricultural market development projects and activities in other countries.

Accept, Sir, the renewed assurances of my high consideration.

Walter P. McCONAUGHY

Maha Thray Sithu Mr. James Barrington
Permanent Secretary
Foreign Office
Rangoon

II

The Permanent Secretary of the Burmese Foreign Office to the American Ambassador

FOREIGN OFFICE
RANGOON

27th May 1958

Excellency,

I have the honour to acknowledge the receipt of your Note of to-day's date which reads as follows :

[*See note I*]

I have the honour to confirm the above understanding.

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

J. BARRINGTON
Permanent Secretary

His Excellency Mr. Walter P. McConaughy
Ambassador Extraordinary and Plenipotentiary
of the United States of America