

No. 4574

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**UNITED STATES OF AMERICA  
and  
CEYLON**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act,  
as amended. Signed at Washington, on 18 June 1958**

*Official text: English.*

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

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
CEYLAN**

**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. Signé  
à Washington, le 18 juin 1958**

*Texte officiel anglais.*

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

No. 4574. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
CEYLON UNDER TITLE I OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS  
AMENDED. SIGNED AT WASHINGTON, ON 18 JUNE  
1958

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

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

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to Ceylon 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 RUPEES

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Ceylon of purchase authorizations, the Government of the United States of America undertakes to finance the sale for rupees, to purchasers authorized by the Government of Ceylon, of the following agricultural commodity determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, in the amount indicated :

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<sup>1</sup> Came into force on 18 June 1958, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Amount (Million)</i>
Rice . . . . .	\$3.6
Ocean Transportation (est. 50 %) . . . . .	.6
TOTAL	\$4.2

Purchase authorizations will be issued within 30 days after the effective date of this agreement. They will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupees accruing from such sale and other relevant matters.

## *Article II*

### USE OF RUPEES

The two Governments agree that the rupees 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 that Government shall determine, for the following purposes, in the amounts shown :

(1) For expenditures by the Government of the United States of America in Ceylon and to help develop new markets for United States agricultural commodities under Sub-sections (a), (f), (h), and (i) of Section 104 of the Agricultural Trade Development and Assistance Act, as amended, the rupee equivalent of \$1.25 million. It is understood that :

(a) Expenditures under Section 104 (a) for which a portion or all of the rupees equivalent to \$150,000 may be used include

(i) International transportation and travel originating either in Ceylon or in the United States of America, including connecting transportation and

(ii) Goods and services needed by the Government of the United States of America in connection with agricultural market development projects and activities in other countries.

(b) On the request of the Government of the United States of America, the Government of Ceylon will provide facilities for the conversion of a portion or all of the rupees equivalent to \$100,000 into other currencies for expenditures under Section 104 (a) of the Act.

(2) To provide assistance of types provided for under Section 104 (j) of the Act, as amended, an amount not to exceed the rupee equivalent of \$100,000.

(3) 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 Ceylon incident thereto, the rupee equivalent of \$1.0 million, but not more than twenty-five (25) percent of the rupees received under this agreement. It is understood that :

- (a) Such loans under Section 104 (e) of the Act will be made to the United States business firms and branches, subsidiaries, or affiliates of such firms in Ceylon for business development and trade expansion of Ceylon and to United States firms and to Ceylon 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. In the event the rupees set aside for loans under Section 104 (e) of the Act, as amended, are not advanced within three years from the date of this agreement because the Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the Central Bank of Ceylon, the Government of the United States of America may use the rupees for any purpose authorized by Section 104 of the Act, as amended.
- (b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Ceylon, acting through the Central Bank of Ceylon. The Governor of the Central Bank of Ceylon, or his designate, will act for the Government of Ceylon, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.
- (c) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the Central Bank of Ceylon 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. In approving a loan, the Export-Import Bank of Washington will (1) fix an interest rate similar to that prevailing in Ceylon on comparable loans, and (2) establish similar maturities to those of Export-Import Bank dollar loans to private enterprises.
- (d) Within sixty days after the receipt of such notice the Central Bank of Ceylon will indicate to the Export-Import Bank whether or not the Central Bank of Ceylon is receptive to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Central Bank of Ceylon, it shall be understood that the Central Bank of Ceylon has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Central Bank of Ceylon.

(4) For a grant under Sub-section (e) of Section 104 of the Act, as amended, the rupee equivalent of \$850,000 to provide assistance to the University of Ceylon

in the implementation of its multimillion dollar equipment and building program for the Faculties of Science, Agriculture and Engineering subject to an agreement between the two governments. In the event the rupees set aside for this grant are not advanced within 3 years from the date of this agreement as a result of failure of the two governments to reach agreement on the use of the rupees for this grant purpose, the Government of the United States may use the rupees for any other purpose authorized by Section 104 of the Act, as amended.

(5) For a loan to the Government of Ceylon to promote the economic development of Ceylon under Section 104 (g) of the Act, as amended, the rupee equivalent of \$1.0 million, the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that :

- (a) Loan will be denominated in dollars, or, at the option of the Government of Ceylon, in rupees ; such payments in rupees to be made at the applicable exchange rates as defined in the loan agreement in effect on the date of the 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 rupees set aside for loans to the Government of Ceylon 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 rupees for loan purposes, the Government of the United States of America may use the rupees for any other purpose authorized by Section 104 of the Act, as amended.
- (b) In the event the total deposit of rupees accrued to the Government of the United States of America as a consequence of sales made pursuant to this agreement is less than the rupee equivalent of \$4.2 million, the amount available for a loan to the Government of Ceylon under Section 104 (g) will be reduced by the amount of such difference ; in the event the total rupee deposit exceeds the equivalent of \$4.2 million, fifty (50) percent of the excess will be available for loans under Section 104 (g), and fifty (50) percent will be available for any use or uses authorized by Section 104 of the Act, as amended, as the Government of the United States may determine.

### *Article III*

#### DEPOSIT OF RUPEES

The deposit of rupees to the account of the Government of the United States of America in payment for the rice 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 Ceylon 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 commodity purchased pursuant to the provisions of this agreement, and to assure that the purchase of this commodity does not result in increased availability of this or a like commodity 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 rice pursuant to this agreement will not unduly disrupt world prices of this agricultural commodity, displace usual marketings of the United States of America in this commodity, 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 Ceylon agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program instituted by this agreement, particularly with respect to arrivals and condition of the rice and information relating to exports of the same or a like commodity.

#### *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 Washington this eighteenth day of June, 1958.

For the Government of the United States of America :

William M. ROUNTREE

For the Government of Ceylon :

R. S. S. GUNewardENE