

No. 4796

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**UNITED STATES OF AMERICA  
and  
ECUADOR**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act,  
as amended (with Memoranda of Understanding).  
Signed at Quito, on 30 June 1958**

*Official texts: English and Spanish.*

*Registered by the United States of America on 23 June 1959.*

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

**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  
Mémorandums d'accord). Signé à Quito, le 30 juin 1958**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 23 juin 1959.*

No. 4796. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
STATES OF AMERICA AND THE GOVERNMENT OF  
ECUADOR UNDER TITLE I OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS  
AMENDED. SIGNED AT QUITO, ON 30 JUNE 1958

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

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

Considering that the Ecuadoran sucres accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth understandings which will govern the sales of surplus agricultural commodities to the Government of Ecuador 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 SUCRES

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Ecuador during the period ending September 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 Ecuador, for sucres, 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 :

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<sup>1</sup> Came into force on 30 June 1958, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Amount (Million \$)</i>
Wheat .....	\$1.0
Soybean/cottonseed oil .....	.5
Cotton .....	.14
Ocean transportation (est. 50% of costs) .....	.2
	\$1.84

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 sucres accruing from such sale and other relevant matters.

## *Article II*

### USES OF SUCRES

1. The two Governments agree that the sucres 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, the sucre equivalent of \$294,000.
- (b) To provide assistance of the types provided for under Section 104 (j) of the Act, the sucre equivalent of not to exceed \$206,000.
- (c) For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of said Act and for administrative expenses of the Export-Import Bank of Washington in Ecuador incident thereto the sucre equivalent of \$460,000, 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 Ecuador for business development and trade expansion in Ecuador and to United States firms and to Ecuadoran 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 Ecuador. The Central Bank of Ecuador will act on behalf of the Government of Ecuador in this matter. In the event the sucres set aside for loans under 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 Central Bank of Ecuador, the Government of the United States of America may use the sucres for any purpose authorized by Section 104 of the Act.

- (d) For a loan to the Government of Ecuador to promote the economic development of Ecuador under Section 104 (g) of the Act, the sucre equivalent of \$880,000, 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, or, at the option of the Government of Ecuador in sucres, such payments in sucres to be made at the applicable exchange rates as defined in the loan agreement, in effect on the date of payment. It is further understood that 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 sucres set aside for loans to the Government of Ecuador 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 sucres for loan purposes, the Government of the United States of America may use the sucres for any other purpose authorized by Section 104 of the Act.

2. In the event the total of sucres accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the sucre equivalent of \$1.84 million the amount available for a loan to the Government of Ecuador under Section 104 (g) may be reduced by the amount of such difference; in the event the total sucre deposit exceeds the equivalent of \$1.84 million, 48 percent may be available for the loan under 104 (g) and 52 percent for any use or uses authorized under Section 104 as determined by the Government of the United States of America.

### *Article III*

#### DEPOSIT OF ECUADORAN SUCRES

The deposit of Ecuadoran sucres 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 Ecuador 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 Ecuador 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 Quito in the English and Spanish languages, this 30th day of June, 1958.

For the Government  
of the United States of America :  
Christian M. RAVNDAL  
Ambassador  
of the United States of America  
[SEAL]

For the Government  
of Ecuador :  
Carlos TOBAR ZALDUMBIDE  
Minister of Foreign Affairs  
  
Federico INTRIAGO ARRATA  
Minister of Economy  
  
Fausto CORDOVEZ CHIRIBOGA  
Minister of the Treasury

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ECUADOR RELATIVE TO AGRICULTURAL COMMODITIES AGREEMENTS DATED JUNE 30, 1958<sup>1</sup>

In arriving at mutual agreement concerning loans eligible under Section 104 (e), the General Manager of the Central Bank of Ecuador, or his designate, will act for the Government of Ecuador, 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 Central Bank of Ecuador 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 Central Bank of Ecuador will indicate to the Export-Import Bank whether or not the Central Bank of Ecuador 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 Ecuador it shall be understood that the Central Bank of Ecuador 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 Ecuador.

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

C. T. Z.            J. F. I. A.

C. M. R.

F. C. C.

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<sup>1</sup> See p. 12 of this volume.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ECUADOR RELATIVE TO AGRICULTURAL COMMODITIES AGREEMENTS DATED JUNE 30, 1958<sup>1</sup>

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

*Section I*

SCHEDULE OF SHIPMENTS

Subject to the provisions of the Agricultural Commodities Agreement between the two Governments dated June 30, 1958,<sup>1</sup> it is understood that the Government of the United States of America will issue and the Government of Ecuador will accept purchase authorizations during the period ending 90 calendar days from the date this Agreement is effective. It is further understood that the Government of Ecuador will purchase the Commodities on or before November 30, 1958, and complete shipment on or before December 31, 1958.

*Section II*

USUAL MARKETINGS

The two Governments agree that imports of surplus agricultural commodities under the aforesaid agreement to which this memorandum relates shall be over and above usual commercial imports from all friendly sources for the period covered by this Agreement. Commercial imports shall be for the calendar year 1958 : a minimum of grain or products equivalent to 50,000 M. T. of wheat from all friendly sources of which at least 10,000 M. T. shall be from the United States; and a minimum of 2,000 M.T. of edible oils and fats from the United States; about a minimum of 1,200 bales of cotton from free world sources; and such quantities of these commodities from other supplying countries as will not disrupt normal trade patterns.

C. T. Z.

C. M. R.

F. C. C.

J. F. I. A.

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<sup>1</sup> See p. 12 of this volume.