

No. 4839

**UNITED STATES OF AMERICA
and
YUGOSLAVIA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Bel-
grade, on 22 December 1958**

Official text: English.

Registered by the United States of America on 12 August 1959.

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

**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 Belgrade, le 22 décembre
1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 12 août 1959.

No. 4839. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
THE FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA
UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT BELGRADE, ON 22 DECEMBER 1958

The Government of the United States of America and the Government of the Federal People's Republic of Yugoslavia :

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 in these commodities or unduly disrupt world prices of agricultural commodities;

Considering that the purchase for dinars of agricultural commodities produced in the United States will assist in achieving such an expansion of trade;

Considering that the dinars 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 agricultural commodities to Yugoslavia 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 DINARS

1. Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Federal People's Republic of Yugoslavia of purchase authorizations, the Government of the United States of America undertakes to finance the sale for dinars to purchasers authorized by the Government of the Federal People's Republic of Yugoslavia of the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as " the Act ") in the amounts indicated :

¹ Came into force on 22 December 1958, upon signature, in accordance with article VI.

| <i>Commodity</i> | <i>Value (million)</i> |
|----------------------------------|----------------------------|
| Wheat | \$55.8 |
| Cotton | 18.2 |
| Soybean/cottonseed oil | 9.9 |
| Beans | 1.8 |
| Ocean Transportation | 9.1 |
| | TOTAL \$94.8 |

Purchase authorizations will be issued not later than 90 calendar 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 dinars accruing from such sale, and other relevant matters.

Article II

USES OF DINARS

1. The two Governments agree that the dinars 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 help develop new markets for United States agricultural commodities and for other expenditures by the Government of the United States of America under Sub-sections (a), (b), (f), (h), (i), (k), (l), (m), (n), and (o) of Section 104 of the Act, the dinar equivalent of \$11.4 million. The United States Government in considering possible expenditures of these funds will give due regard to the balance of payments situation of Yugoslavia.

(b) For grants to the Government of the FPRY for financing such projects to promote balanced economic development of Yugoslavia under Section 104 (e) of the Act, as may be mutually agreed, the dinar equivalent of \$14.2 million.

(c) For a loan to the Government of the Federal People's Republic of Yugoslavia for financing such projects to promote the economic development of Yugoslavia under Section 104 (g) of the Act, as may be mutually agreed, the dinar equivalent of \$69.2 million, the terms and conditions of which will be included in the supplemental agreement between the two Governments. It is understood the loan will be denominated in United States dollars with payment of principal and interest to be made in dinars at the applicable exchange rate, as defined in the loan agreement, or, at the option of the Government of the

Federal People's Republic of Yugoslavia, in United States dollars. It is further understood that loan funds shall be disbursed only after prior agreement as to the uses of such loan funds.

2. In the event the dinars set aside for grants or loans to the Government of the Federal People's Republic of Yugoslavia 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 such dinars, the Government of the United States of America may use the dinars for any other purpose authorized by Section 104 of the Act.

3. To the extent that the total of dinars accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the equivalent of \$94.8 million, the amount available for loans to the Government of the FPRY will be reduced by an equivalent amount; to the extent that the total exceeds the dinar equivalent of \$94.8 million, 12 percent of the excess will be available for the use of the Government of the United States of America, 15 percent for grants to the FPRY under Section 104 (e) and 73 percent for loans to the Federal People's Republic of Yugoslavia under Section 104 (g).

Article III

DEPOSIT OF DINARS

The deposit of dinars 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 a rate of exchange for United States dollars to be agreed between the two Governments.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Federal People's Republic of Yugoslavia agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States), of agricultural commodities purchased pursuant to the provisions of this Agreement.

2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of agricultural commodities pursuant to this

Agreement will not unduly disrupt world prices of agricultural commodities, or displace usual marketings of the United States in these commodities.

3. The Government of the Federal People's Republic of Yugoslavia agrees to furnish, upon request of the Government of the United States, information on the progress of the program, particularly with respect to arrivals and condition 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 Belgrade, this twenty-second day of December 1958.

For the Government
of the United States of America :

Karl RANKIN
Ambassador of the United States
of America
[SEAL]

For the Government
of the Federal People's Republic
of Yugoslavia :

Bogd. CRNOBRNJA
Assistant Secretary of State
for Foreign Affairs
[SEAL]

EXCHANGE OF NOTES

I

Belgrade, December 22, 1958

Excellency :

Pursuant to Article I of the Agreement signed today¹ by our two Governments under which the Government of the United States undertakes to finance the delivery to Yugoslavia of \$94.8 million of agricultural commodities, I have the honor to inform you of the following :

In expressing its agreement with the Government of the United States of America that the above mentioned delivery of agricultural commodities should not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States in these commodities, or impair trade relations among friendly nations, my Government states it will not export any wheat or cotton or edible fats and oils, of either imported or indigenous origin, in the course of this economic year (July 1, 1958 to June 30, 1959). In this regard, my Government agrees that during the mentioned economic year it will procure and import with funds other than those provided in this agreement from its normal suppliers of edible fats and oils 10,000 metric tons of these commodities, of which at least 5,000 metric tons will be from the United States of America.

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

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

Bogd. CRNOBRNJA
Assistant Secretary of State for Foreign Affairs

H. E. Karl Rankin
Ambassador of the United States of America
Belgrade

II

Belgrade, December 22, 1958

Excellency,

I have the honor to acknowledge the receipt of your letter as of today, reading as follows :

[See note I]

¹ See p. 244 of this volume.

I have the honor to inform you that my Government concurs in the foregoing.

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

Karl RANKIN
Ambassador of the United States of America

H. E. Bogdan Crnobrnja
Assistant Secretary of State for Foreign Affairs
Belgrade

III

Belgrade, December 22, 1958

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 the Federal People's Republic of Yugoslavia signed today and in particular to Article III concerning the applicable rate of exchange for the deposit of dinars equivalent to the dollar sales value of commodities to be purchased under that agreement.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the representatives of our two Governments with reference to the applicable rate of exchange for the deposits of dinars equivalent to the dollar sales value of commodities to be purchased under the Agricultural Commodities Agreement. Deposits will be made at the rate of 525 dinars per United States dollar. Upon request of either party, a different dinar rate may at any time be determined by mutual agreement for dollar disbursements subsequent to such agreement. Any such determination would take into consideration the exchange rate relationships existing at that time. Until such agreement is reached, deposits shall be made at the rate which was applicable at the time agreement upon another deposit rate was requested, and any necessary adjustment in such deposits will be effected when such agreement is reached.

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

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

Bogd. CRNOBRNJA
Assistant Secretary of State for Foreign Affairs

H. E. Karl Rankin
Ambassador of the United States of America
Belgrade

IV

Belgrade, December 22, 1958

Excellency :

I have the honor to acknowledge the receipt of your letter as of today, reading as follows :

[See note III]

I have the honor to inform you that my Government concurs in the foregoing.

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

Karl RANKIN
Ambassador of the United States of America

H. E. Bogdan Crnobrnja
Assistant Secretary of State for Foreign Affairs
Belgrade

V

Belgrade, December 22, 1958

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 the Federal People's Republic of Yugoslavia signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the representatives of our two Governments with respect to the conversion of dinars into other currencies and to certain other matters relating to the use of dinars 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, as amended.

1. The Government of the Federal People's Republic of Yugoslavia will provide facilities for the conversion of up to \$200,000 worth of dinars into other currencies. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

2. It is also understood that the Government of the United States of America may utilize up to \$50,000 worth of dinars to procure in Yugoslavia goods and services needed in connection with agricultural market development projects and activities in other countries.

3. It is also understood that the Government of the United States of America may utilize dinars in Yugoslavia to pay for international travel originating either in Yugoslavia or in the United States, including connecting travel.

With reference to point 3 above, it is understood that it is intended to cover only travel by United States Department of Agriculture personnel engaged in agricultural market development projects or other persons acting on behalf of the United States Department of Agriculture in connection with such projects. It is further understood that this travel includes only round trips originating in Yugoslavia or originating outside Yugoslavia when the destination is Yugoslavia or air and rail travel within the United States or other areas outside Yugoslavia when it is part of a trip in which the traveller begins or terminates his journey within Yugoslavia.

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

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

Karl RANKIN
Ambassador of the United States of America

H. E. Bogdan Crnobrnja
Assistant Secretary of State for Foreign Affairs
Belgrade

VI

Belgrade, December 22, 1958

Excellency :

I have the honor to acknowledge the receipt of your letter as of today, reading as follows :

[See note V]

I have the honor to inform you that my Government concurs in the foregoing.

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

Bogd. CRNOBRNJA
Assistant Secretary of State for Foreign Affairs

H. E. Karl Rankin
Ambassador of the United States of America
Belgrade

VII

Belgrade, December 22, 1958

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of the Federal People's Republic of Yugoslavia and to say that with regard to the dinars accruing to uses indicated under Article II of the Agreement, the understanding of the Government of the United States of America is as follows :

1. *Uses of PL 480 Section 104 (e) dinars:* The Government of Yugoslavia will use the amount of local currency granted to it by the United States pursuant to paragraph 1 (b) of Article II of the Agricultural Commodities Agreement for financing such projects to promote economic development, with emphasis on non-self-liquidating projects particularly in health and education as may from time to time be agreed upon by the United States Operations Mission (hereinafter referred to as the Mission) and the appropriate representatives of the Government of Yugoslavia, in the following sectors :

- (a) Public Health.
- (b) Education.
- (c) Agriculture.
- (d) Other Economic Development Projects consistent with the purpose of Section 104 (e) of PL 480.

2. *Uses of PL 480 Section 104 (g) dinars:* The Government of Yugoslavia will use the amount of local currency loaned to it by the United States pursuant to a Loan Agreement under paragraph 1 (c) of Article II of the Agricultural Commodities Agreement for financing such projects to promote economic development as may from time to time be agreed upon between the Mission and the appropriate representatives of the Government of Yugoslavia, in the following sectors :

- (a) Industry, Mining and Transportation.
- (b) Agriculture.
- (c) Local Currency costs of U.S. financed Projects : (e. g. where the U.S. is providing in whole or in part directly or indirectly through the Development Loan Fund, Export-Import Bank, or other agencies, foreign exchange costs related thereto).

- (d) Other Economic Development Projects consistent with the purpose of Section 104 (g) of PL 480.

3. It is agreed that projects initiated by the Yugoslav Government after the date of this agreement within categories (a), (b) and (c) under paragraphs 1

and 2 above which may later be approved by the Government of the United States will be eligible for financing from currency granted or loaned to the Yugoslav Government under paragraphs 1 (b) and 1 (c) of Article II of the Agricultural Commodities Agreement.

Reference to the Mission in this note shall be deemed to include any successor agency of the Government of the United States.

I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of Yugoslavia.

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

Karl RANKIN
Ambassador of the United States of America

H. E. Bogdan Crnobrnja
Assistant Secretary of State for Foreign Affairs
Belgrade

VIII

Belgrade, December 22, 1958

Excellency :

I have the honor to acknowledge the receipt of your letter as of today, reading as follows :

[See note VII]

I have the honor to inform you that my Government concurs in the foregoing.

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

Bogd. CRNOBRNJA
Assistant Secretary of State for Foreign Affairs

H. E. Karl Rankin
Ambassador of the United States of America
Belgrade