

No. 4652

**UNITED STATES OF AMERICA
and
REPUBLIC OF VIET-NAM**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act, as
amended (with Memorandum of Understanding and
exchange of notes). Signed at Saigon, on 17 June 1958**

Official text of the Agreement and Memorandum of Understanding: English.

Official texts of the notes: English and French.

Registered by the United States of America on 2 February 1959.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DU VIET-NAM**

**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 et échange de notes). Signé à
Saïgon, le 17 juin 1958**

Texte officiel de l'Accord et du Mémorandum d'accord: anglais.

Textes officiels des notes: anglais et français.

Enregistré par les États-Unis d'Amérique le 2 février 1959.

No. 4652. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND THE
REPUBLIC OF VIET-NAM UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND ASSIST-
ANCE ACT, AS AMENDED. SIGNED AT SAIGON, ON
17 JUNE 1958

The Government of the United States of America and the Government of the Republic of Viet-Nam :

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

Considering that the piastres 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 Republic of Viet-Nam 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 PIASTRES

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Viet-Nam 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 Viet-Nam, for piastres, of the following agricultural commodity determined to be surplus pursuant

¹ Came into force on 17 June 1958, upon signature, in accordance with article VI.

to Title I of the Agricultural Trade Development and Assistance Act, as amended, in the amount indicated.

<i>Commodity</i>	<i>Amount (Million)</i>
Tobacco	\$5.8
Ocean transportation (est. 50 %)2
	<hr/>
TOTAL	\$6.0

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 piastres accruing from such sale and other relevant matters.

Article II

USE OF PIASTRES

1. The two Governments agree that the piastres 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 in the Republic of Viet-Nam under Subsections (a), (f), (h) and (i) of Section 104 of the Act, as amended, the piastre equivalent of \$1.4 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 piastre equivalent of \$0.1 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 the Republic of Viet-Nam incident thereto, the piastre equivalent of \$1.5 million, but not more than 25 percent of the piastres received under this Agreement. Such loans will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in the Republic of Viet-Nam for business development and trade expansion in the Republic of Viet-Nam and to United States firms and to Vietnamese 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 the Republic of Viet-Nam. The National Bank of Viet-Nam will act on behalf of the Government of the Republic of Viet-Nam in this matter. In the event the piastres

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 National Bank of Viet-Nam, the Government of the United States of America may use the piastres for any purpose authorized by Section 104 of the Act, as amended.

(d) To procure military equipment, materials, facilities and services for the common defense in accordance with Section 104 (c) of the Act, as amended, the piastre equivalent of \$3.0 million.

2. In the event the total piastres accruing to the Government of the United States of America, as a consequence of sales made pursuant to this Agreement, are less than the piastre equivalent of \$6.0 million, the amount available for common defense purposes under Section 104 (c) may be reduced by the amount of such difference ; in the event the total piastre deposit exceeds the equivalent of \$6.0 million, 50 percent may be available for use of the Government of the United States of America under Section 104 (f) and 50 percent may be available for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

Article III

DEPOSIT OF PIASTRES

Deposit of Vietnamese piastres to an account of the Government of the United States of America in the National Bank of Viet-Nam in payment of commodities and 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 American dollars generally applicable to import transactions (excluding imports granted preferential rate) in effect on the dates of the dollar disbursements 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 Republic of Viet-Nam 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 tobacco 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 the Republic of Viet-Nam 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 condition of tobacco 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 Saigon, this 17 day of June, 1958.

For the Government
of the United States of America :

Elbridge DURBROW

For the Government
of the Republic of Viet-Nam :

NGUYEN-NGOC-THO

MEMORANDUM OF UNDERSTANDING

In arriving at mutual agreement concerning loans eligible under Section 104 (e) the Governor of the National Bank of Viet-Nam or his designate, will act for the Government of the Republic of Viet-Nam, 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 National Bank of Viet-Nam 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) repayment period.

Within sixty days after the receipt of such notice the National Bank of Viet-Nam will indicate to the Export-Import Bank whether or not the National Bank of Viet-Nam is receptive to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the National Bank of Viet-Nam, it shall be understood that the National Bank of Viet-Nam has no objection to the proposed loan.

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

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

N. G. T.

E. D.

Saigon, June 17, 1958

[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Vietnamese Secretary of State for National Economy

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

No. 175

Saigon, June 17, 1958

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the United States of America and the Republic of Viet-Nam under Title I of the

Agricultural Trade and Development Assistance Act, as amended, which has been signed at Saigon today¹ and is hereinafter referred to as "Agricultural Commodities Agreement", and to confirm the following supplementary understandings :

1. In addition to depositing piastres in payment of commodities and ocean freight as specified in Article III of the Agricultural Commodities Agreement, the Government of the Republic of Viet-Nam agrees to pay an amount of 55.5 million piastres into the account of the Government of the United States of America specified in the said Article III. This amount shall be paid in full at the same time as the first deposit of piastres is made pursuant to the said Article.

2. If between the date of signature of the Agricultural Commodities Agreement and the time when the payment of 55.5 million piastres will become due, there should be a change in the Vietnamese exchange rate system, the amount of such payment shall be determined by mutual agreement.

3. In the event it is ultimately determined that the amount of sales, including ocean transportation, financed by the Government of the United States of America pursuant to Article I of the Agricultural Commodities Agreement is less than United States \$1.5 million, then the payment of the Government of the Republic of Viet-Nam described in the preceding paragraphs shall be reduced in the ratio which the amount of sales financed by the Government of the United States of America bears to the amount of \$1.5 million, and the Government of the United States of America will return to the Government of the Republic of Viet-Nam the difference between the payment so reduced and the amount paid pursuant to the preceding paragraphs.

4. The provisions of Article IV, paragraph 1 of the Agricultural Commodities Agreement shall not be applied in such manner as to interfere with the maintenance of established markets of the Republic of Viet-Nam for manufactured tobacco products in nations which are not unfriendly to the United States of America.

Upon receipt of a Note from your Government indicating that the foregoing provisions are acceptable to the Government of the Republic of Viet-Nam, the Government of the United States of America will consider that the Note and your reply thereto constitute an Agreement between the two Governments on this subject, which shall enter into force on the date of your Note in reply.

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

Elbridge DUSBROW

His Excellency Nguyen-Ngoc-Tho
Vice President of the Republic of Viet-Nam
and Secretary of State for National Economy
Saigon

¹ See p. 36 of this volume.

II

The Vietnamese Secretary of State for National Economy to the American Ambassador

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF VIET-NAM
DEPARTMENT OF STATE FOR NATIONAL ECONOMY

No. 6450-BKT/VP

Saigon, June 17, 1958

Excellency :

I have the honor to acknowledge receipt of Your Excellency's note No. 175 of this date, the text of which reads as follows :

[*See note I*]

I have the honor to confirm to Your Excellency that the Government of the Republic of Viet-Nam agrees to the provisions contained in the aforesaid note and to your proposal that your note and my reply shall constitute an agreement between our two Governments which shall enter into force on the date of the present note.

Accept, Excellency, the assurance of my high consideration.

[SEAL] NGUYEN-NGOC-THO
Secretary of State for National Economy

His Excellency Elbridge Durbrow
Ambassador of the United States of America
to Viet-Nam
Saigon

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.