

No. 4884

**UNITED STATES OF AMERICA
and
URUGUAY**

Agricultural Commodities Agreement (with exchange of notes). Signed at Montevideo, on 20 February 1959

Official texts: English and Spanish.

Registered by the United States of America on 16 September 1959.

**ÉTATS-UNIS D'AMÉRIQUE
et
URUGUAY**

**Accord relatif aux produits agricoles (avec échange de notes).
Signé à Montevideo, le 20 février 1959**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 16 septembre 1959.

No. 4884. AGRICULTURAL COMMODITIES AGREEMENT¹
 BETWEEN THE GOVERNMENT OF THE UNITED
 STATES OF AMERICA AND THE GOVERNMENT OF
 THE ORIENTAL REPUBLIC OF URUGUAY. SIGNED
 AT MONTEVIDEO, ON 20 FEBRUARY 1959

The Government of the United States of America and the Government of the Oriental Republic of Uruguay :

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, unduly disrupt world prices of agricultural commodities, or normal patterns of commercial trade with friendly countries;

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

Considering that the Uruguayan pesos 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, as specified below, of surplus agricultural commodities to Uruguay pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act), 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 PESOS

Subject to the issuance of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Uruguay, for pesos, of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value</i>
Tobacco	\$6.1
Cotton	3.5
Ocean transportation2
	<hr/>
	TOTAL \$9.8

¹ Came into force on 20 February 1959, upon signature, in accordance with article VI.

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 pesos accruing from such sale, and other relevant matters.

Article II

USES OF PESOS

The two Governments agree that the pesos 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 :

1. For United States expenditures under sub-sections (a), (b), (d), (f), (h), (i), (k), (l), (m), (n), and (o) of Section 104 of the Act, or under any of such sub-sections, the Uruguayan peso equivalent of \$1.95 million. Uses under sub-sections (k), (l), (m), (n) and (o) are subject to legislative action by the Congress of the United States.

2. To provide assistance of the types provided for under sub-section 104 (j) of the Act, an amount not to exceed the peso equivalent of \$400,000.

3. For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of the Act and for administrative expenses of the Export-Import Bank of Washington in Uruguay incident thereto, the peso equivalent of \$2.45 million, but not more than 25% of the currencies received under the agreement. It is understood that :

(a) Such loans under Section 104 (e) of the Act will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Uruguay for business development and trade expansion in Uruguay and to United States firms and Uruguayan 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 pesos set aside for loans under Section 104 (e) of the Act 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 Banco de la República, the Government of the United States of America may use the pesos for any purpose authorized by Section 104 of the Act.

- (b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Uruguay acting through the Banco de la República. The President of the Banco de la República, or his designate, will act for the Government of Uruguay, 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 inform the Banco de la República of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, and the general purposes for which the loan proceeds would be expended.
- (d) When the Export-Import Bank is prepared to act favorably upon an application, it will so notify the Banco de la República and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to those prevailing in Uruguay on comparable loans and the maturities will be consistent with the purposes of the financing.
- (e) Within sixty days after the receipt of notice that the Export-Import Bank is prepared to act favorably upon an application, the Banco de la República will indicate to the Export-Import Bank whether or not the Banco de la República has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Banco de la República, it shall be understood that the Banco de la República has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Banco de la República.

4. For a loan to the Government of Uruguay under sub-section (g) of Section 104 of the Act, the peso equivalent of not more than \$5.0 million, for financing such projects to promote economic development including projects not heretofore included in plans of the Government of Uruguay, as may be mutually agreed. It is understood that the loan will be denominated in dollars with payment of principal and interest to be made in pesos, such payments to be made at the applicable exchange rate as defined in the loan agreement or at the option of the Government of Uruguay in United States dollars. The terms and conditions of the loan and other provisions will be set forth in a supplemental loan agreement between the two Governments.

In the event the total of pesos accruing to the Government of the United States of America as a consequence of sales made pursuant to the Agreement is less than the peso equivalent of \$9.8 million, the amount available for a loan to the Government of Uruguay under Section 104 (g) may be reduced by the amount of such difference; in the event the total peso deposit exceeds the equivalent of \$9.8 million, 50 percent may be available for the loan under 104 (g) and

50 percent for any use or uses authorized under Section 104 of the Act as determined by the Government of the United States of America.

In the event that the pesos set aside for loans under subdivision No. 4 of the first paragraph of this article 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 pesos for loan purposes, the Government of the United States of America may use the pesos for any other purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF PESOS

The deposit of pesos 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 agreed upon by the two Governments in effect on the dates of dollar disbursements by United States banks or by the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERSTANDINGS

The Government of Uruguay agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purpose (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 for export from Uruguay of these or like commodities.

The two Governments agree that they will take reasonable precautions 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 disrupt normal patterns of commercial trade with friendly countries.

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.

The Government of Uruguay 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 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 matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

Article VI

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 at Montevideo, this twentieth day of February, nineteen hundred fifty-nine.

For the Government
of the United States of America :
Robert F. WOODWARD
[L.S.]

For the Government
of the Oriental Republic of Uruguay :
Oscar SECCO ELLAURI
[L.S.]

EXCHANGE OF NOTES

I

The American Ambassador to the Uruguayan Minister of Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

No. 356

Montevideo, February 20, 1959

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 Uruguay signed today¹ and in particular to Article III concerning the applicable rate of exchange for deposit of pesos equivalent to the dollar sales value of commodities to be purchased under the Agreement.

It is the policy of the Government of the United States of America to accept the deposit of currency to its account in payment for commodities and ocean transportation financed by the Government of the United States of America under Title I of the Agricultural Trade Development and Assistance Act, as amended, at the rate of exchange for US dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by the US banks or by the United States of America, as provided in the purchase authorizations. Under the present exchange system of Uruguay, the Government of the United States of America understands this rate to be 4.11 pesos per dollar. The policy of the Government of Uruguay is understood to require that deposits of pesos be made under the above-mentioned Agreement at the exchange rate applicable to other imports of tobacco and cotton respectively, the commodities specified in the above-mentioned agreement. It is also understood that under the present exchange system of Uruguay these rates are 4.11 pesos per dollar for both tobacco and cotton. In view of this identity of rates, it is agreed that the rate of 4.11 pesos per dollar shall be the rate for deposits under the above agreement so long as there is no change in the present exchange system of Uruguay.

It is further the understanding of the Government of the United States of America that if the present exchange system of Uruguay is changed so that the above-mentioned identity no longer exists, the amount of pesos to be deposited under the provisions of Article III of the above Agreement will be determined by mutual agreement. Any rate so agreed upon will apply retroactively to any portion of the commodities covered by the agreement for which the dates of dollar disbursement are made subsequent to the date of such a change in the exchange system of Uruguay hereafter called the date of change. If no new deposit rate

¹ See p. 202 of this volume.

is agreed upon within sixty days after the date of any change in exchange system which ends identity of rates described above, the Government of Uruguay agrees :

- (1) In the case of payments for shipments of commodities which have a date of dollar disbursement subsequent to date of change to deposit pesos at the exchange rates applicable to the particular commodities under the new exchange system, and
- (2) —at option of the United States of America—either (A) to convert pesos deposit pursuant to (1) into US dollars at the same rate of exchange at which such pesos were deposited to the account of the Government of the United States of America, or (B) to accept under the loan agreement to be signed pursuant to Article 2 of paragraph 4 of the above-mentioned Agreement pesos deposited pursuant to (1) at the same rate of exchange at which such pesos were deposited to account of the Government of the United States of America.

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

Accept, Excellency, the assurances of my highest consideration.

Robert F. WOODWARD

His Excellency Oscar Secco Ellauri
Minister of Foreign Affairs
Montevideo

II

The Uruguayan Minister of Foreign Affairs to the American Ambassador

[SPANISH TEXT — TEXTE ESPAGNOL]

MINISTERIO DE RELACIONES EXTERIORES

Montevideo, 20 de febrero de 1959

Excelentísimo Señor Embajador
de los Estados Unidos de América
Robert F. Woodward
Montevideo

Señor Embajador :

Tengo el honor de acusar recibo de la atenta nota de Vuestra Excelencia, fechada hoy, con referencia al Convenio de Productos Agrícolas celebrado entre

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS

Montevideo, February 20, 1959

His Excellency
Robert F. Woodward
Ambassador of the United States
of America
Montevideo

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's note of this date with reference to the Agricultural Commodities Agreement concluded between the Republic of Uruguay and the United States of America, the text of which is as follows :

[*See note I*]

I have the honor to confirm your note transcribed above relating to the Agricultural Commodities Agreement between the Republic of Uruguay and the United States of America; consequently, this note shall be considered as constituting agreement between the two Governments.

Accept, Mr. Ambassador, the assurances of my most distinguished consideration.

Oscar SECCO ELLAURI

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

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