

No. 5132

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**UNITED STATES OF AMERICA  
and  
COLOMBIA**

**Exchange of notes (with Memorandum of Understanding)  
constituting an agreement relating to surplus agricul-  
tural commodities. Bogotá, 6 October 1959**

*Official texts: English and Spanish.*

*Registered by the United States of America on 12 May 1960.*

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

**Échange de notes (avec Mémorandum d'accord) constituant  
un accord relatif aux produits agricoles en surplus.  
Bogota, 6 octobre 1959**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 12 mai 1960.*

No. 5132. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND COLOMBIA RELATING TO SURPLUS AGRICULTURAL COMMODITIES. BOGOTÁ, 6 OCTOBER 1959

I

*The American Ambassador to the Colombian Minister of Foreign Relations*

No. 65

Excellency :

I have the honor to refer to conversations between representatives of our two Governments looking toward the conclusion of an Agreement involving the purchase by the Government of Colombia of certain agricultural products and the utilization of the proceeds from such purchases. Our representatives have reached an understanding on the language for such an Agreement and one Memorandum of Understanding<sup>2</sup> that would form part of that Agreement.

*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 Colombia, 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 (Millions)</i>
Wheat . . . . .	\$18.2
Wheat products . . . . .	5.0
Tobacco . . . . .	1.1
Soybean and/or cottonseed oils . . . . .	3.4
Ocean transportation . . . . .	3.9
	<hr/>
TOTAL	\$31.6

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this agreement for the soybean and/or cottonseed oils and tobacco. Purchase authorizations for wheat and wheat products will be issued until June 30, 1962. 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.

<sup>1</sup> Came into force on 6 October 1959 by the exchange of the said notes.

<sup>2</sup> See p. 150 of this volume.

*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), (c), (d), (h), (i), (j), (k), (l), (m), (n), and (o) of Section 104 of the Act, or under any of such sub-sections, the Colombian peso equivalent of \$4,700,000. Uses under sub-sections (k), (l), (m), (n), (o) are subject to legislative action by the Congress of the United States.

2. To pay United States obligations in Colombia under sub-section (f) of Section 104 of the Act, the peso equivalent of \$3,200,000.

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 Colombia incident thereto, the peso equivalent of \$7.9 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 Colombia for business development and trade expansion in Colombia and to United States firms and Colombian 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 Colombia acting through the Banco de la República. The General Manager of the Banco de la República, or his designate, will act for the Government of Colombia, 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 Colombia 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 loans to the Government of Colombia under sub-section (g) of Section 104 of the Act, the peso equivalent of not more than \$15.8 million, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Colombia as may be mutually agreed. 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 \$31.6 million, the amount available for a loan to the Government of Colombia under Section 104 (g) may be reduced by the amount of such difference; in the event the total peso deposit exceeds the equivalent of \$31.6 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, except that funds accruing from the sale of commodities in the period ending June 30, 1960 will be distributed 50 percent for U.S. uses (including loans made under Section 104 (e)) and 50 percent for economic development loans under Section 104 (g). Any shortfalls in sales during this period will be carried over into the following years and deducted from funds made available for economic development loans under Section 104 (g) in the remainder of the period of this agreement.

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 purposes 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 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 United States of America, as provided in the purchase authorizations.

### *Article IV*

#### GENERAL UNDERSTANDINGS

The Government of Colombia 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 Colombia 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 Colombia 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.

If the foregoing Agreement is acceptable to your Government it is understood that this note and Your Excellency's affirmative reply thereto, together with the annexed Memorandum of Understanding, shall constitute an Agreement between our two countries on this matter which shall enter into force on the date of Your Excellency's affirmative reply.

Accept, Excellency, the renewed assurances of my highest and most distinguished consideration.

Dempster McINTOSH

Enclosure : 1 Memorandum of Understanding.<sup>1</sup>

His Excellency Julio César Turbay Ayala  
Minister of Foreign Relations  
Bogotá

October 6, 1959

<sup>1</sup> See p. 150 of this volume.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT  
OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF  
COLOMBIA RELATIVE TO THE AGRICULTURAL COMMODITIES  
AGREEMENT DONE AT BOGOTÁ ON OCTOBER 6, 1959<sup>1</sup>

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

*Section I*

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 sources for the period covered by this agreement. Commercial imports shall be for U.S. fiscal year 1960 : a minimum of 31,000 metric tons of edible vegetable oil or equivalent in oil-bearing material from free-world sources, not less than 7,300 metric tons of which would be from the United States; and a minimum of tobacco products equivalent in import value to \$500,000 plus the cost of manufacturing the tobacco provided under this agreement. Commercial imports of wheat and flour shall be a minimum of 62,500 M.T. from all friendly sources in each U.S. fiscal year, 1960, 1961, and 1962, of which not less than 10% shall be in the form of wheat flour.

*Section II*

The Government of Colombia will make available to millers, at Colombian ports, all wheat imported into the country from the United States by virtue of commercial purchases and purchases made pursuant to Title I of Public Law 480, at a price at least as low as the arithmetical mean between the cost CIF per ton of planned commercial imports for the year, including all taxes, fees, and other charges, and the cost CIF per ton of planned annual imports under Title I of Public Law 480, exclusive of all taxes, fees, and other charges. The Government of Colombia will also make available to bakers and other users of flour, for national consumption, at Colombian ports, imported wheat flour at a price at least as low as the price computed on the basis of the above-mentioned system applied to wheat. The two Governments will consult from time to time regarding how best to increase consumption through the price mechanism just described.

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<sup>1</sup> See p. 146 of this volume.

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

MINISTRY FOR FOREIGN RELATIONS

GM 707

Bogotá, October 6, 1959

Mr. Ambassador :

I have the honor to refer to Your Excellency's courteous note No. 65 of this date, regarding the Agreement for the implementation of programs for the sale of agricultural products to be carried out through governmental and private agencies of the two countries, the text of which is as follows :

[*See note I*]

I am happy to inform Your Excellency that my Government agrees to the text transcribed herein. Furthermore, my Government concurs in the proposal that Your Excellency's note and this reply, together with the annexed Memorandum of Understanding,<sup>3</sup> shall constitute an agreement between our two Governments which shall enter into force on this date.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest and most distinguished consideration.

Julio César TURBAY

Enclosure : Memorandum of Understanding<sup>3</sup>

His Excellency Dempster McIntosh  
Ambassador Extraordinary and Plenipotentiary  
of the United States of America  
City

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<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

<sup>3</sup> See p. 150 of this volume.