

No. 5290

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**UNITED STATES OF AMERICA  
and  
PERU**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act,  
as amended (with exchange of notes). Signed at Lima,  
on 12 February 1960**

*Official texts: English and Spanish.*

*Registered by the United States of America on 4 August 1960.*

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

**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 Lima, le 12 février 1960**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 4 août 1960.*

No. 5290. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
PERU UNDER TITLE I OF THE AGRICULTURAL TRADE  
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.  
SIGNED AT LIMA, ON 12 FEBRUARY 1960

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

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 or normal patterns of commercial trade with friendly countries :

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

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

Desiring to set forth the understanding which will govern the sales of surplus agricultural commodities to Peru 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 SOLES

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Peru of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Peru, for soles, of the following agricultural commodities determined to be surplus pursuant to the Act, in the amount indicated :

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<sup>1</sup> Came into force on 12 February 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (Million)</i>
Wheat and products . . . . .	\$7.5
Edible fats and oils . . . . .	.9
Rice . . . . .	2.6
Ocean transportation (50% est.) . . . . .	1.0
	TOTAL \$12.0

Applications for purchase authorizations will be made as soon as possible after the signing of this Agreement for 40,000 MT of wheat and for all other commodities in the amounts provided herein. Applications for purchase authorizations for an additional 40,000 MT of wheat will be made during the first quarter of U.S. FY 1961 and for the remaining wheat during the first quarter of U.S. FY 1962.

The two Governments agree that the issuance of purchase authorizations for wheat providing for purchase after June 30, 1960, shall be dependent upon the determination by the United States Government that wheat is in surplus supply and available under Title I, of the Act at that time. The two Governments also agree that the financing of further sales of wheat beyond June 30, 1960 may be terminated or continued at a reduced level if it is determined by either Government that continuance of wheat sales at the agreed level is not justified on economic grounds or for foreign policy reasons.

## *Article II*

### USES OF SOLES

The two Governments agree that the soles 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, the amounts shown :

1. For payment of expenditures by the United States of America in Peru under subsections (a), (b), (c), (d), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q) and (r) of Section 104 of the Act, the sol equivalent of \$1.2 million.

2. To pay for United States obligations in Peru of the types provided for under Subsection (f) of Section 104, the sol equivalent of \$2.4 million.

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 Peru incident thereto the sol equivalent of \$3.0 million, but not more than 25 percent 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 Peru for business development and trade expansion in Peru and to United States firms and Peru 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 soles 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 Banco de Fomento Agropecuario of Peru, the Government of the United States of America may use the soles 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 Peru acting through the Banco de Fomento Agropecuario of Peru. The General Manager of the Banco de Fomento Agropecuario of Peru, or his designate, will act for the Government of Peru, 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 Fomento Agropecuario of Peru 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 Fomento Agropecuario of Peru 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 Peru 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 Fomento Agropecuario of Peru will indicate to the Export-Import Bank whether or not the Banco de Fomento Agropecuario of Peru 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 Fomento Agropecuario of Peru it shall be understood that the Banco de Fomento Agropecuario of Peru has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Banco de Fomento Agropecuario of Peru.

4. For a loan to the Government of Peru under subsection (g) of Section 104 of the Act, the sol equivalent of not more than \$5.4 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Peru, as may be mutually agreed upon. The terms and conditions of the loan and other provisions will be set forth in a separate agreement between the two Governments.

In the event the total of soles accruing to the Government of the United States of America as a consequence of sales made pursuant to the Agreement is less than the sol equivalent of \$12.0 million the amount available for a loan to the Government of Peru under Section 104 (g) may be reduced by the amount of such difference; in the event the total sol deposit exceeds the equivalent of \$12.0 million, 45 percent may be available for the loan under 104 (g) and 55 percent for any use or uses authorized under Section 104 as determined by the Government of the United States of America, except that funds accrued from the sale of commodities in the period ending June 30, 1960 will be distributed 55 percent for U.S. uses (including loans under Section 104 (e) ) and 45 percent for economic development loans under Section 104 (g). Any short fall in sales during this period will be carried over into the following years and deducted from the funds made available for economic development loans under Section 104 (g), in the remainder of the period of this agreement.

In the event that agreement is not reached on the use of soles set aside for loans under paragraph 4 of this Article within three years from the date of this Agreement the Government of the United States of America may use the soles for any purposes authorized by Section 104 of the Act.

### *Article III*

#### DEPOSIT OF PERUVIAN SOLES

The deposit of Peruvian soles 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 the United States of America, as provided in the purchase authorization.

*Article IV*

## GENERAL UNDERTAKINGS

1. The Government of Peru 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 Peru 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 at Lima, the twelfth day of February, 1960.

Jack D. NEAL  
Raúl PORRAS

## EXCHANGE OF NOTES

## I

*The American Chargé d'Affaires ad interim to the Peruvian Minister of Foreign Affairs*

No. 357

Lima, February 12, 1960

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 Peru signed today<sup>1</sup> and in particular to Article II, Paragraph I, concerning the development of new markets for United States agricultural commodities.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Ministry of Foreign Affairs with reference to the conversion of an amount not to exceed the sol equivalent of \$300,000 into currencies other than United States dollars upon request by the Government of the United States of America. This facility is requested for the purpose of securing funds to finance agricultural market development activities of the Government of the United States of America in other countries. The Government of the United States of America may utilize soles in Peru to pay for goods and services, including international transportation needed in connection with market development and other agricultural projects and activities in Peru and other countries.

I also wish to confirm my Government's understanding that imports of agricultural commodities under Title I of the Agricultural Trade Development and Assistance Act, as amended, shall be over and above usual commercial imports. Commercial imports shall be a minimum of 10,000 MT of rice for US fiscal year 1960 from free world sources and, a minimum of wheat products equivalent to 240,000 MT from free world sources each year during the period July 1, 1959-June 30, 1962.

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

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

Jack D. NEAL  
Chargé d'Affaires, a.i.

His Excellency Dr. Raúl Porras Barrenechea  
Minister of Foreign Affairs  
Lima

<sup>1</sup> See p. 84 of this volume.

## II

*The Peruvian Minister of Foreign Affairs to the American Chargé d'Affaires  
ad interim*

[SPANISH TEXT — TEXTE ESPAGNOL]

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

MINISTERIO DE RELACIONES EXTERIORES

MINISTRY OF FOREIGN AFFAIRS

Número : (D)-6-3/15

Number : (D)-6-3/15

Lima, 12 de febrero de 1960

Lima, February 12, 1960

Señor Encargado de Negocios :

Mr. Chargé d'Affaires :

Tengo a honra referirme al Acuerdo sobre Productos Agrícolas entre el Gobierno del Perú y el Gobierno de los Estados Unidos de América suscrito en la fecha y en particular al Artículo II, Párrafo I, respecto al desarrollo de nuevos mercados para los productos agrícolas de los Estados Unidos.

I have the honor to refer to the Agricultural Commodities Agreement between the Government of Peru and the Government of the United States of America signed today and in particular to Article II, Paragraph I, concerning the development of new markets for United States agricultural commodities.

Deseo confirmar la interpretación de mi Gobierno del acuerdo a que se ha llegado en conversaciones entre esa Embajada y este Ministerio sobre la conversión de una suma que no exceda al equivalente en soles de US \$300,000 a monedas distintas de dólares de los Estados Unidos de América. Se pide esta facilidad con el fin de obtener fondos con qué financiar actividades de desarrollo de mercados agrícolas del Gobierno de los Estados Unidos en otros países. El Gobierno de los Estados Unidos podrá utilizar soles en el Perú para pagar mercaderías y servicios, incluyendo el transporte internacional que sea necesario en relación con el desarrollo de mercados y otros proyectos agrícolas y actividades en el Perú y en otros países.

I wish to confirm my Government's understanding of the agreement reached in conversations between your Embassy and this Ministry with reference to the conversion of an amount not to exceed the sol equivalent of US \$300,000 into currencies other than dollars of the United States of America. This facility is requested for the purpose of obtaining funds with which to finance agricultural market development activities of the Government of the United States in other countries. The Government of the United States may utilize soles in Peru to pay for goods and services, including international transportation needed in connection with market development and other agricultural projects and activities in Peru and other countries.

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

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



También deseo confirmar la interpretación de mi Gobierno de que las importaciones de productos agrícolas conforme al Título I de la Ley de Ayuda y Desarrollo del Comercio Agrícola y sus Enmiendas serán además de las importaciones comerciales de costumbre. Las importaciones comerciales serán por un mínimo de 10,000 TM de arroz por el año fiscal 1960 de los Estados Unidos procedentes del mundo libre y, un mínimo de productos de trigo equivalente a 240,000 TM procedentes del mundo libre cada año durante el período comprendido entre el 1º de Julio de 1959 y el 30 de Junio de 1962.

Aprovecho la oportunidad para renovar a Vuestra Señoría las seguridades de mi distinguida consideración.

Raúl PORRAS

Al Honorable  
señor Jack D. Neal  
Encargado de Negocios ad-interim  
de los Estados Unidos de América  
Ciudad

I also wish to confirm my Government's understanding that imports of agricultural commodities under Title I of the Agricultural Trade Development and Assistance Act, as amended, shall be over and above usual commercial imports. Commercial imports shall be a minimum of 10,000 MT of rice for US fiscal year 1960, and a minimum of wheat products equivalent to 240,000 MT from free world sources each year during the period July 1, 1959-June 30, 1962.

I avail myself of the opportunity to renew to you the assurances of my distinguished consideration.

Raúl PORRAS

The Honorable  
Jack D. Neal  
Chargé d'Affaires ad interim  
of the United States of America  
City

## III

*The American Chargé d'Affaires ad interim to the Peruvian Minister of Foreign Affairs*

No. 358

Lima, February 12, 1960

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 Peru signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Government of Peru with respect to the use of Peruvian soles accruing under the aforesaid Commodities Agreement for the establishment of a line of credit in favor of the Government of Peru for the promotion of economic development under Section 104 (g) of the Agricultural Trade Development and Assistance Act, as amended.

It is understood that, if the Development Loan Fund approves a loan requested by the Government of Peru for the Aguaytía-Pucallpa Highway the Government of Peru agrees that of the Peruvian sol equivalent of not more than \$5.4 million reserved for such a line of credit the sol equivalent of \$1 million may be transferred by the Government of the United States to the Development Loan Fund for disbursement in connection with such a loan made by the Development Loan Fund to the Government of Peru for construction of said highway. It is further understood that the aforesaid line of credit will be reduced to the extent of disbursements made by the Development Loan Fund from such funds. It is further understood that the soles made available to the Development Loan Fund will be subject to the terms and conditions of a separate agreement to be negotiated by the Development Loan Fund and the Government of Peru governing the requested \$4.5 million highway loan.

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

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

Jack D. NEAL  
Chargé d'Affaires, a.i.

His Excellency Dr. Raúl Porras Barrenechea  
Minister of Foreign Affairs  
Lima

## IV

*The Peruvian Minister of Foreign Affairs to the American Chargé d'Affaires ad interim*

[SPANISH TEXT — TEXTE ESPAGNOL]

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

MINISTERIO DE RELACIONES EXTERIORES

MINISTRY OF FOREIGN AFFAIRS

Número : (D)-6-3/16

Number : (D)-6-3/16

Lima, 12 de febrero de 1960

Lima, February 12, 1960

Señor Encargado de Negocios :

Mr. Chargé d'Affaires :

Tengo a honra referirme al Acuerdo sobre Productos Agrícolas entre el Gobierno del Perú y el Gobierno de los Estados Unidos de América suscrito en la fecha.

I have the honor to refer to the Agricultural Commodities Agreement between the Government of Peru and the Government of the United States of America signed today.

Deseo confirmar la interpretación de mi Gobierno del acuerdo a que se ha llegado en conversaciones entre esa Embajada y el Gobierno del Perú respecto a la utilización de soles Peruanos provenientes del susodicho Acuerdo para el establecimiento de una línea de crédito a favor del Gobierno del Perú para promover el desarrollo económico conforme al Artículo 104 (g) de la Ley de Ayuda y Desarrollo del Comercio Agrícola y sus enmiendas.

I wish to confirm my Government's understanding of the agreement reached in conversations between your Embassy and the Government of Peru with respect to the use of Peruvian soles accruing under the aforesaid agreement for the establishment of a line of credit in favor of the Government of Peru for the promotion of economic development under Section 104 (g) of the Agricultural Trade Development and Assistance Act, as amended.

Queda entendido que, si el Fondo de Préstamos para Desarrollo aprobara un préstamo solicitado por el Gobierno del Perú para la carretera de Aguaytía a Pucallpa, el Gobierno del Perú conviene en que del equivalente en soles Peruanos no mayor de \$5.4 millones reservados para dicha línea de crédito, el equivalente en soles de \$1.0 millón podrá ser transferido por el Gobierno de los Estados Unidos al Fondo de Préstamos para Desarrollo

It is understood that if the Development Loan Fund approves a loan requested by the Government of Peru for the Aguaytía-Pucallpa Highway, the Government of Peru agrees that of the Peruvian sol equivalent of not more than \$5.4 million reserved for the said line of credit, the sol equivalent of \$1 million may be transferred by the Government of the United States to the Development Loan Fund to cover disbursements in connection with

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

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

destinados a cubrir los desembolsos relacionados con dicho préstamo hecho por el Fondo de Préstamos para Desarrollo al Gobierno del Perú para la construcción de dicha carretera. Queda igualmente entendido que la mencionada línea de crédito quedará reducida en la medida de los desembolsos que con dichos fondos efectúe el Fondo de Préstamos para Desarrollo. Queda asimismo entendido que los soles que se ponga a disposición del Fondo de Préstamos para Desarrollo estarán sujetos a los términos y condiciones de un convenio separado que deberá negociarse entre el Fondo de Préstamos para Desarrollo y el Gobierno del Perú al que se sujetará el préstamo de \$4.5 millones para la carretera.

Aprovecho la oportunidad para renovar a Vuestra Señoría las seguridades de mi distinguida consideración.

Raúl PORRAS

Al Honorable  
señor Jack D. Neal  
Encargado de Negocios ad-interim  
de los Estados Unidos de América  
Ciudad

the said loan made by the Development Loan Fund to the Government of Peru for construction of the said highway. It is likewise understood that the aforesaid line of credit will be reduced to the extent of disbursements made by the Development Loan Fund from such funds. It is further understood that the soles made available to the Development Loan Fund will be subject to the terms and conditions of a separate agreement to be negotiated between the Development Loan Fund and the Government of Peru governing the \$4.5 million highway loan.

I avail myself of the opportunity to renew to you the assurances of my distinguished consideration.

Raúl PORRAS

The Honorable  
Jack D. Neal  
Chargé d'Affaires ad interim  
of the United States of America  
City