

No. 5393

**UNITED STATES OF AMERICA
and
CHILE**

Agricultural Commodities Agreement (with Memorandum of Understanding and exchange of notes). Signed at Santiago, on 2 June 1960

Official texts: English and Spanish.

Registered by the United States of America on 22 October 1960.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHILI**

Accord relatif aux produits agricoles (avec Mémorandum d'accord et échange de notes). Signé à Santiago, le 2 juin 1960

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 22 octobre 1960.

No. 5393. AGRICULTURAL COMMODITIES AGREEMENT¹
 BETWEEN THE GOVERNMENT OF THE UNITED STATES
 OF AMERICA AND THE GOVERNMENT OF CHILE.
 SIGNED AT SANTIAGO, ON 2 JUNE 1960

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

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 or normal patterns of commercial trade with friendly countries ;

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

Considering that the Chilean escudos accruing from such purchase 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 Chile 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 CHILEAN ESCUDOS

Subject to issuance by the Government of the United States of America and acceptance by the Government of Chile of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Chile, for Chilean escudos, 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 of U.S. dollars)</i>
Cotton	\$2.7
Tobacco2
Ocean transportation (estimated)2
	TOTAL \$3.1

¹ Came into force on 2 June 1960, upon signature, in accordance with article VI.

Application for purchase authorizations will be made within 90 days after the effective date of this Agreement. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Chilean escudos accruing from sale, and other relevant matters.

Article II

USES OF CHILEAN ESCUDOS

1. The two Governments agree that the Chilean escudos accruing to the Government of the United States of America as a consequence of 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. For United States expenditures under subsections (a), (b), (c), (d), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q) and (r) of Section 104 of the Act or under any of such subsections, the Chilean escudo equivalent of \$310,000.

B. To pay United States obligations in Chile under subsection (f) of Section 104, the Chilean escudo equivalent of \$620,000.

C. 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 Chile incident thereto, the Chilean escudo equivalent of \$775,000, 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 Chile for business development and trade expansion in Chile, and to United States firms and Chilean 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.
- b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Chile, acting through the Central Bank of Chile. The General Manager of the Central Bank of Chile, or his designate, will act for the Government of Chile, 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 Central Bank of Chile 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 Central Bank of Chile 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 that prevailing in Chile on comparable loans, and the maturities will be consistent with the purposes of the financing.
 - e) Within sixty days after the receipt of the notice that the Export-Import Bank is prepared to act favorably upon an application, the Central Bank of Chile will indicate to the Export-Import Bank whether or not the Central Bank of Chile has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Central Bank of Chile, it shall be understood that the Central Bank of Chile has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Central Bank of Chile.
 - f) In the event the Chilean escudos 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 Central Bank of Chile, the Government of the United States of America may use the Chilean escudos for any purpose authorized by Section 104 of the Act.

D. For a loan to the Government of Chile under subsection (g) of Section 104 of the Act, the Chilean escudo equivalent of not more than \$1,395,000 for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Chile, as may be mutually agreed. In the event that agreement is not reached on the use of the Chilean escudos for loan purposes within three years from the date of this agreement, the Government of the United States of America may use the Chilean escudos for any purposes authorized by Section 104 of the Act.

2. In event the total of Chilean escudos accruing to the Government of the United States of America as a consequence of sales made pursuant to this agreement is less than the escudo equivalent of \$3.1 million, the amount available for a loan to the Government of Chile under Section 104 (g) may be reduced by the amount of such difference ; in the event the total Chilean escudo deposit exceeds the equivalent of \$3.1 million, 45 percent of the excess will be available for a loan to the Government of Chile under Section 104 (g), 25 percent for loans under Section 104 (e), and 30 percent for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

Article III

DEPOSIT OF CHILEAN ESCUDOS

Chilean escudos shall be deposited 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) 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 Government of the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Chile 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 precautions to assure that all sales or purchases of surplus agricultural commodities, pursuant to the 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.
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 Chile 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 matter relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

Article VI

The 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 Santiago in duplicate in English and Spanish languages the second day of June 1960.

For the Government
of the United States of America :

Walter HOWE

[SEAL]

For the Government
of Chile :

E. ORTÚZAR E.

[SEAL]

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF
THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF
CHILE RELATIVE TO THE AGRICULTURAL COMMODITIES AGREEMENT DATED JUNE 2, 1960¹

The Government of the United States of America and the Government of Chile agree that imports of surplus agricultural commodities under the agreement signed today¹ 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 the United States fiscal year 1960 : a minimum of 74,000 bales of cotton from free world sources of which not less than 16,000 bales shall be from the United States ; and a minimum of 160,000 pounds of tobacco from the United States and such quantities of tobacco from other supplying countries as will not disrupt normal patterns of trade.

E. O. E.

W. H.

Santiago, June 2, 1960

¹ See p. 12 of this volume.

EXCHANGE OF NOTES

I

The American Ambassador to the Chilean Minister of Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

No. 347

Santiago, June 2, 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 Chile signed today.¹

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 Chile with respect to the use of Chilean escudos accruing under the aforesaid Commodities Agreement for the establishment of a line of credit in favor of the Government of Chile for the promotion of economic development under Section 104 (g) of the Agricultural Trade Development and Assistance Act, as amended.

It is understood that the Government of Chile proposes to use the escudo credit established from the Section 104 (g) proceeds accruing under this agreement for lending to a savings and loan system dedicated to the mobilization of private savings thus facilitating construction of medium and low-cost private housing.

It is further understood that, should the aforesaid proposed use of the credit not be undertaken, the Government of Chile agrees that, if the Development Loan Fund approves a loan requested by the Government of Chile for construction of the Pudahuel Airport, near Santiago, any part or all of the Chilean escudo equivalent of \$1,395,000 reserved for the aforesaid line of credit, 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 Chile for the construction of said airport. 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 these Chilean escudos, if made available to the Development Loan Fund, would be subject to the terms and conditions of a separate agreement to be negotiated between the Development Loan Fund and the Government of Chile governing the requested airport loan.

I shall appreciate receiving Your Excellency's confirmation of the understandings set out above.

¹ See p. 12 of this volume.

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF CHILE
MINISTRY OF FOREIGN RELATIONS

D.J.
S.T.
No. 07452

Santiago, June 2, 1960

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's note of this date, the text of which reads as follows :

[See note I]

In this connection, I have the honor to inform Your Excellency of my Government's concurrence in the terms of the note transcribed above, the present note and Your Excellency's note to constitute an agreement between our two countries on this subject.

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

E. ORTÚZAR E.

His Excellency Walter Howe
Ambassador Extraordinary and Plenipotentiary
of the United States of America in Chile
Santiago

III

The American Ambassador to the Chilean Minister of Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

No. 348

Santiago, June 2, 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 Chile 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 Chile with respect to the use of Chilean escudos accruing under the subject Agree-

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

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

ment 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.

It is understood that the Government of Chile will provide facilities for the conversion of Chilean escudos into other currencies up to two percent of the total amount specified in Article I of the present agreement. These facilities for conversion are needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

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

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

Walter HOWE

His Excellency Enrique Ortúzar Escobar
Minister of Foreign Affairs
Santiago

IV

The Chilean Minister of Foreign Affairs to the American Ambassador

[SPANISH TEXT — TEXTE ESPAGNOL]

REPÚBLICA DE CHILE
MINISTERIO DE RELACIONES EXTERIORES

D.J.
S.T.
Nº 07451

Santiago, 2 de junio de 1960

Señor Embajador,

Tengo el honor de acusar recibo de la Nota de Vuestra Excelencia, de fecha de hoy, cuyo texto es como sigue :

« Tengo el honor de referirme al Acuerdo sobre Excedentes Agropecuarios entre el Gobierno de los Estados Unidos de América y el Gobierno de Chile, firmado con esta fecha.

Deseo confirmar el entendimiento de mi Gobierno acerca del acuerdo alcanzado en las conversaciones que han tenido lugar entre esta Embajada y el Gobierno de Chile con respecto al empleo de los escudos chilenos provenientes del presente Acuerdo, para propósitos de desarrollo del mercado agrícola, por parte del Gobierno de los Estados Unidos de América, de acuerdo con la Sección 104 (a) de la Ley de Asistencia y Fomento del Comercio Agrícola y sus modificaciones posteriores.

Se entiende que el Gobierno de Chile dará las facilidades para la conversión de escudos chilenos a otras monedas hasta el dos por ciento de la cantidad total especificada en el Artículo I del presente Acuerdo. Estas facilidades para conversión son necesarias para proveer fondos para el financiamiento de las actividades para el desarrollo del mercado agropecuario por parte del Gobierno de los Estados Unidos de América en otros países.

Apreciaría la confirmación de Vuestra Excelencia para el presente entendimiento.

Acepte, Vuestra Excelencia, las reiteradas seguridades de mi más alta consideración. »

Al respecto, tengo el honor de comunicar a Vuestra Excelencia la conformidad de mi Gobierno con los términos de la Nota transcrita, constituyendo la presente Nota y la de Vuestra Excelencia, un Acuerdo entre nuestros dos países sobre esta materia.

Me valgo de la oportunidad, para reiterar a Vuestra Excelencia las seguridades de mi más alta y distinguida consideración.

E. ORTÚZAR E.

Excelentísimo Señor Walter Howe
Embajador Extraordinario y Plenipotenciario
de los Estados Unidos de América en Chile
Santiago

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF CHILE
MINISTRY OF FOREIGN RELATIONS

D.J.
S.T.
No. 07451

Santiago, June 2, 1960

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's note of this date, the text of which reads as follows :

[See note III]

In this connection, I have the honor to inform Your Excellency of my Government's concurrence in the terms of the note transcribed, the present note and Your Excellency's note to constitute an agreement between our two countries on this subject.

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

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

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

E. ORTÚZAR E.

His Excellency Walter Howe
Ambassador Extraordinary and Plenipotentiary
of the United States of America in Chile
Santiago