

No. 5414

**UNITED STATES OF AMERICA
and
SPAIN**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Madrid,
on 22 June 1960**

Official texts: English and Spanish.

Registered by the United States of America on 31 October 1960.

**ÉTATS-UNIS D'AMÉRIQUE
et
ESPAGNE**

**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 Madrid, le 22 juin 1960**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 31 octobre 1960.

No. 5414. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
SPAIN UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT MADRID, ON 22 JUNE 1960

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

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

Desiring to set forth the understandings which will govern the sales, as specified below, of surplus agricultural commodities to Spain 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 PESETAS

1. Subject to the availability of commodities for programming under the Act and to issuance by the Government of the United States of America and acceptance by the Government of Spain of purchase authorizations, the Government of the United States of America undertakes to finance the sales for pesetas to purchasers authorized by the Government of Spain of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated :

¹ Came into force on 22 June 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (million)</i>
Soybean/cottonseed oil	\$27.7
Cotton	22.5
Tobacco	4.6
Barley	4.1
Corn	2.4
Ocean transportation (50%)	2.7
	<hr/>
	TOTAL \$64.0

2. Applications for purchase authorizations will be made within 90 calendar 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 pesetas accruing from such sale, and other relevant matters.

Article II

USES OF PESETAS

1. The two Governments agree that the pesetas 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*), (*f*), (*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 peseta equivalent of not less than \$32.0 million.
- b.* For a loan to the Government of Spain under subsection (*g*) of Section 104 of the Act, the peseta equivalent of not more than \$32.0 million (except as provided in paragraph 2 below) including projects not heretofore included in plans of the Government of Spain, as may be mutually agreed. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the pesetas for loan purposes within three years from the date of this agreement, the Government of the United States of America may use the local currency for any purposes authorized by Section 104 of the Act.

2. In the event the total of pesetas accruing to the Government of the United States of America as a consequence of sales made pursuant to this

agreement is less than the peseta equivalent of \$64.0 million, the amount available for a loan to the Government of Spain under Section 104 (g) will be reduced by the amount of such difference; in the event the total peseta deposit exceeds the equivalent of \$64.0 million, 50 percent of the excess will be available for a loan under Section 104 (g) and 50 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 PESETAS

The deposit of pesetas 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 Government of the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Spain 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 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.

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 Spain agrees to furnish, upon request of the United States of America, information on the progress of the program, particularly with respect to the arrival and condition of commodities and the provisions for 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

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 in duplicate at Madrid in the English and Spanish languages this twenty-second day of June 1960.

For the Government
of the United States of America :
John Davis LODGE

For the Government
of Spain :
Fernando M. CASTIELLA

EXCHANGE OF NOTES

I

The American Ambassador to the Spanish Minister for Foreign Affairs

No. 1539

Madrid, June 22, 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 Spain signed today.¹

Recognizing that the quantities of cotton and soybean/cottonseed oil which can be procured under the Agreement are less than the quantities requested by the Government of Spain, my Government will be willing to review with your Government the supply and demand situation for soybean/cottonseed oil in October 1960 and for cotton in January 1961 and to consider at those times the need for additional quantities of those commodities.

With respect to tobacco, I wish to confirm my Government's understanding that, in addition to the general undertakings on usual marketings provided in the agreement, the Government of Spain agrees to procure and import with its own resources \$1.0 million worth of United States tobacco or tobacco products by February 28, 1961. The \$4.6 million worth of tobacco provided in the agreement includes \$1 million worth of tobacco for use in the manufacture of United States cigarettes. United States cigarettes are not eligible for sale under Public Law 480 but the leaf tobacco content, representing an estimated 50% of the value of cigarettes, can be financed under this legislation. The use of its own resources by the Government of Spain in the procurement of United States cigarettes will apply against the \$1 million usual marketing requirement for tobacco.

With respect to loans for economic development under paragraph (1) (b) of Article II of the agreement it is understood that the Government of Spain will authorize its Ambassador at Washington immediately on signature of the sales agreement, to sign a loan agreement with the Export-Import Bank. Peseta funds will be advanced or reimbursed to the Government of Spain for financing agreed projects in accordance with the terms of the project agreements and the standard provisions annexed thereto as amended for projects in Spain.

I also wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Government of Spain with respect to the conversion of pesetas into other currencies and to certain other matters relating to the use of pesetas accruing under the subject agreement by the Government of the United States of America :

¹ See p. 4 of this volume.

1. The Government of Spain will, within 30 days of the time request therefor is made by the Government of the United States of America, convert pesetas in the equivalent value of not more than \$1,000,000 to Swiss francs for remission to the United States Disbursing Officer in Bern for use in countries other than Spain in accordance with Section 104 (a) of the Act.

2. The Government of the United States of America may utilize pesetas to procure in Spain goods and services needed in connection with agricultural market development projects and activities in other countries.

3. The types of agricultural market development activities of mutually beneficial character to be carried out in Spain by the Government of the United States of America may include, but are not limited to, projects to promote better nutrition practices, market analyses, promotion of particular commodities, education and demonstration projects, participation in international fairs, visits of representatives of the Spanish Government, trade groups and agricultural groups to the United States and visits of representatives of the United States Government, trade groups and agricultural groups to Spain.

4. The Government of the United States of America may utilize pesetas in Spain to pay for international travel originating either in Spain or the United States when involving travel to or from Spain and return including reasonable alternate routings. It is understood that this is intended to cover only travel by persons engaged in activities financed under Section 104 of the Agricultural Trade Development and Assistance Act, as amended.

5. The Government of Spain will, within 30 days of the time request therefor is made by the Government of the United States of America, subject to agreement by the Government of Morocco, convert pesetas in the equivalent value of not more than \$300,000 to Moroccan francs for remission to the United States Disbursing Officer in Rabat for use in accordance with Section 104 (h) of the Act.

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

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

John Davis LODGE

His Excellency Fernando María Castiella y Maíz
Minister for Foreign Affairs
Madrid

Tengo la honra de comunicar a Vuestra Excelencia la conformidad de mi Gobierno con lo que antecede.

En relación con el párrafo (4), el Gobierno español confía que el Gobierno de los Estados Unidos de América utilizará preferentemente, como en el pasado, las líneas aéreas españolas.

Le ruego acepte, Señor Embajador, las seguridades de mi alta consideración,

Fernando M. CASTIELLA

Excmo. Señor John Davis Lodge
Embajador Extraordinario y Plenipotenciario
de los Estados Unidos de América
Madrid

[TRANSLATION¹ — TRADUCTION²]

Madrid, June 22, 1960

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note, dated today, the translation of which reads as follows :

[*See note I*]

I have the honor to inform Your Excellency that my Government concurs in the foregoing.

With respect to paragraph 4, the Spanish Government hopes that the Government of the United States of America will, as in the past, give preference to the use of Spanish airlines.

Please accept, Mr. Ambassador, the assurances of my high consideration.

Fernando M. CASTIELLA

His Excellency John Davis Lodge
Ambassador Extraordinary and Plenipotentiary
of the United States of America
Madrid

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

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