

No. 5766

**UNITED STATES OF AMERICA
and
ECUADOR**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with Memorandum of understanding and
exchange of notes). Signed at Quito, on 27 September
1960**

Official texts : English and Spanish.

Registered by the United States of America on 20 July 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉQUATEUR**

**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
Mémorandum d'accord et échange de notes). Signé
à Quito, le 27 septembre 1960**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 20 juillet 1961.

No. 5766. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF ECUADOR
UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT QUITO, ON 27 SEPTEMBER 1960

The Government of the United States of America and the Government of Ecuador 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 sucres of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

Considering that the Ecuadorean sucres 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 Ecuador 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 ECUADOREAN SUCRES

Subject to the availability of commodities for programming under this Act and to issuance by the Government of the United States of America and acceptance by the Government of Ecuador of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Ecuador for sucres of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated:

¹ Came into force on 27 September 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market value</i>
Edible vegetable oil	\$925, 000
Ocean transport (est.)	75, 000
	\$1. 000, 000

Application 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 sucres accruing from such sale, and other relevant matters.

It is understood that the sale of edible vegetable oil under this Agreement is not intended to increase the availability of these or like commodities for export and is made on the condition that no exports of such commodities will be made from Ecuador during the period that the edible fats and oils are being imported and utilized.

Article II

USES OF ECUADOREAN SUCRES

1. The two Governments agree that the Ecuadorean sucres 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*), (*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 sucre equivalent of \$250,000.

b. 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 Ecuador incident thereto, the sucre equivalent of \$250,000 but no more than 25 percent of the currencies received under the Agreement. It is understood that:

1. 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 Ecuador for business development and trade expansion in Ecuador, and to United States firms and Ecuadorean 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.
2. Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Ecuador, acting through the Central Bank of Ecuador. The

General Manager of the Central Bank of Ecuador, or his designate, will act for the Government of Ecuador, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.

3. Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the Central Bank of Ecuador 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.
4. When the Export-Import Bank is prepared to act favorably upon an application it will so notify the Central Bank of Ecuador 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 Ecuador on comparable loans, and the maturities will be consistent with the purposes of the financing.
5. Within sixty days after the receipt of the notice that Export-Import Bank is prepared to act favorably upon an application, the Central Bank of Ecuador will indicate to the Export-Import Bank whether or not the Central Bank of Ecuador has any objection to the proposed loan. Unless within the 60-day period the Export-Import Bank has received such a communication from the Central Bank of Ecuador, it shall be understood that the Central Bank of Ecuador 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 Ecuador.
6. In the event the sucres set aside for loans under Section 104 (e) of the Act are not advanced within 3 years from the date of this Agreement because the Export-Import Bank 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 Ecuador, the Government of the United States of America may use the sucres for any purpose authorized by Section 104 of the Act.

c. For a loan to the Government of Ecuador under subsection (g) of Section 104 of the Act, the sucre equivalent of not more than \$500,000 for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Ecuador as may be mutually agreed. The terms and conditions of the loan and other provisions will be set forth in separate loans agreements. In the event the agreement is not reached on the use of Ecuadorean sucres set aside for loans under paragraph c) of this Article within 3 years from the date of this Agreement, the Government of the United States may use the sucres for any other purposes authorized by Section 104 of the Act.

2. In the event the total of Ecuadorean sucres accruing to the Government of the United States of America as a consequence of sales made pursuant to this agreement is less than the sucre equivalent of \$1.0 million, the amount available for a loan to the Government of Ecuador under Section 104 (g) will be reduced by the amount

of such difference ; in the event the total Ecuadorean sucres deposit exceeds the equivalent of \$1.0 million, 50 percent of the excess will be available for a loan under Section 104 (g), 25 percent for loans under Section 104 (e), and 25 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 ECUADOREAN SUCRES

The deposit of Ecuadorean sucres 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 Ecuador 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 marketing 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 Ecuador agrees to furnish, upon request 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 marketing, and information relating to exports of the same or like commodities.

Article V

CONSULTATION

The two Government 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.¹

¹ See footnote 1 on opposite page.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ECUADOR RELATIVE TO THE AGRICULTURAL COMMODITIES AGREEMENT DATED SEPTEMBER 27, 1960¹

The Government of the United States of America and the Government of Ecuador agree that imports of surplus agricultural commodities under the aforesaid 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 calendar year 1960: a minimum of 3,000 M.T. of edible fats and oils from free world sources of which not less than 2,000 M. T. shall be from the United States and such quantities of these commodities from other supplying countries as will not disrupt normal patterns.

¹ See p. 116 of this volume.

EXCHANGE OF NOTES

I

The American Chargé d'Affaires ad interim to the Ecuadorean Minister of Development

Nº 104

Quito, September 27, 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 Ecuador 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 Ecuador with respect to the use of Ecuadorean sucres accruing under the subject Agreement 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 Ecuador will provide facilities for the conversion of up to \$ 20,000 worth of Ecuadorean sucres into other currencies. 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.

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

Edward S. LITTLE
Chargé d'Affaires ad interim

His Excellency Jaime Nebot Velasco
Minister of Development
Quito

¹ See p. 116 of this volume.

II

The Ecuadorean Minister of Development to the American Chargé d'Affaires ad interim

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION¹ — TRADUCTION²]

REPÚBLICA DEL ECUADOR
 MINISTERIO DE FOMENTO
 Dirección general de industrias

REPUBLIC OF ECUADOR
 MINISTRY OF DEVELOPMENT
 Division of Industries

Oficio No. 973-DI

Official communication No. 973-DI

Quito, a 28 de Septiembre de 1960

Quito, September 28, 1960

Señor Encargado de Negocios ad interim
 Embajada de los Estados Unidos
 de Norteamérica
 Ciudad

The Chargé d'Affaires ad interim
 Embassy of the United States
 of America
 City

Señor Encargado de Negocios:

Mr. Chargé d'Affaires:

Tengo el agrado de referirme a su atenta nota fechada el 27 del presente, relacionada con la suscripción del Convenio sobre Productos Agrícolas entre el Gobierno de los Estados Unidos de América y el Gobierno del Ecuador, para manifestar a usted que doy mi conformidad para dar las facilidades necesarias para que pueda efectuarse la conversión de una cantidad que no exceda de un equivalente en sures de US\$ 20.000, en otras monedas.

I take pleasure in referring to your note dated the 27th of this month, concerning the signing of the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Ecuador, to inform you that I agree to the provision of the necessary facilities for the conversion into other currencies of an amount not to exceed the equivalent in sures of US \$20,000.

La antes indicada facilidad se la otorgará en vista de la necesidad que ustedes tienen de tener fondos con que pagar las actividades de desarrollo de mercados agrícolas en otros países.

These facilities will be granted to you because of your need to have funds with which to pay for agricultural market development activities in other countries.

Del señor Encargado de Negocios, muy atentamente.

Very truly yours,

Dios, Patria y Libertad

God, Fatherland, and Freedom

J. NEBOT V.

J. NEBOT V.

Ministro de Fomento

Minister of Development

¹ Translation by the Government of the United States of America.² Traduction du Gouvernement des États-Unis d'Amérique.