

No. 5773

**UNITED STATES OF AMERICA
and
REPUBLIC OF KOREA**

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

Official text: English.

Registered by the United States of America on 28 July 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CORÉE**

**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 Séoul, le 28 décembre 1960**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 28 juillet 1961.

No. 5773. AGRICULTURAL COMMODITIES AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF KOREA UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT SEOUL, ON 28 DECEMBER 1960

The Government of the United States of America and the Government of the Republic of Korea :

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

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

Desiring to set forth the understandings which will govern the sales of agricultural commodities 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 HWAN

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Korea of purchase authorizations, the Government of the United States of America undertakes to finance the sale for hwan to purchasers authorized by the Government of the Republic of Korea of the following agricultural commodities determined to be surplus pursuant to Title I of the Act, in the amounts indicated :

¹ Came into force on 28 December 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Value (million)</i>
Barley	\$ 2.0
Cotton	14.6
Wheat	14.5
Corn	0.5
Ocean transportation	3.5
	TOTAL \$35.1

Applications for purchase authorizations will be made within 90 calendar days after the effective date of this Agreement except that application for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this agreement will be made within 90 days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the hwan accruing from such sale, and other relevant matters.

Article II

USES OF HWAN

The two Governments agree that the hwan 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 subsections (a), (b), (f), and (h) through (r) of Section 104 of the Act, or under any of such subsections the hwan equivalent of \$5.9 million.

2. 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 Korea incident thereto the hwan equivalent of \$1,500,000, but not more than 25 percent of the currencies received under the Agreement. It is understood :

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 the Republic of Korea for business development and trade expansion in the Republic of Korea, and to United States firms and Republic of Korea 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 the Republic of Korea, acting through the

Bank of Korea. The Governor of the Bank of Korea, or his designate, will act for the Government of the Republic of Korea, 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 Bank of Korea 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 Bank of Korea 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 the Republic of Korea 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 Bank of Korea will indicate to the Export-Import Bank whether or not the Bank of Korea has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Bank of Korea, it shall be understood that the Bank of Korea has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Bank of Korea.

f. In the event the Korean hwan 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 Bank of Korea, the Government of the United States of America may use the Korean hwan for any purpose authorized by Section 104 of the Act.

3. To procure military equipment, materiel, facilities and services for Korean defense forces in accordance with subsection 104 (*c*) of the Act, as amended, the hwan equivalent of \$27.7 million.

To the extent that the total hwan accruing to the Government of the United States of America as a consequence of sales pursuant to this Agreement is less than the hwan equivalent of \$35.1 million, the amount available for subsection 104 (*c*) shall be reduced by the amount of such difference; in the event the total hwan deposit exceeds the equivalent of \$35.1 million, 17 percent of the excess shall be available for the use of the Government of the United States of America under such subsections of Section 104 as the Government of the United States may determine, 4 percent for loans under subsection 104 (*e*), and 79 percent shall be available for expenditures under subsection 104 (*c*).

Article III

DEPOSIT OF KOREAN HWAN

The deposit of Korean hwan 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 at which the United States Armed Forces have obtained hwan on the dates of dollar disbursements by United States banks or by the Government of the United States of America, or the nearest preceding date, as provided in the purchase authorization.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of Korea 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 nation unfriendly to the United States of America.

2. The two Government agree that they will take reasonable precautions to assure that all sales or purchases of 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.

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 the Republic of Korea 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 arrival and condition 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 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 Seoul, this twenty-eighth day of December, 1960.

For the Government
of Korea :
Y. H. CHU
Acting Minister
of Reconstruction

For the Government
of the United States of America :
Walter P. McCONAUGHY
American Ambassador

EXCHANGE OF NOTES

I

The American Ambassador to the Korean Acting Minister of Reconstruction

No. 745

Seoul, December 28, 1960

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today¹ between the Government of the United States of America and the Government of the Republic of Korea under Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) and to confirm the following supplementary understanding.

With respect to paragraph 1 of Article II, the Government of the Republic of Korea shall provide facilities for the conversion of up to the hwan equivalent of \$702,000 into other currencies. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries. In this connection, the Government of the United States of America may utilize hwan to procure in

¹ See p. 4 of this volume.

Korea goods and services needed in connection with agricultural market development projects and activities in other countries, and to pay for international travel originating either in Korea or in the United States, including connecting travel. It is also understood that the Government of the Republic of Korea shall provide facilities for the conversion of up to \$100,000 worth of hwan for use in purchase of air transportation for Korean and American participants in the International Educational Exchange Program.

It is further understood that the sale of cotton under this Agreement is made on the condition that the Government of the Republic of Korea will import with its own resources from free world sources the equivalent weight of the raw cotton content of total cotton textiles exported during the period that cotton under this Agreement is being imported and utilized.

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

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

Walter P. McCONAUGHY

His Excellency Chu Yo-han
Acting Minister of Reconstruction
Seoul

II

The Korean Acting Minister of Reconstruction to the American Ambassador

Seoul, December 28, 1960

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of the Republic of Korea under Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) and to confirm the following supplementary understanding.

[See note I]

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

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

Y. H. CHU

His Excellency Walter P. McConaughy
Ambassador of the United States of America
Seoul