

No. 5825

**UNITED STATES OF AMERICA
and
CHILE**

Agricultural Commodities Agreement (with Memorandum of Understanding and exchange of notes) under Title I of the Agricultural Trade Development and Assistance Act, as amended. Signed at Santiago, on 8 November 1960

Official texts: English and Spanish.

Registered by the United States of America on 23 August 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHILI**

Accord (avec Mémorandum d'accord et échange de notes) 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. Signé à Santiago, le 8 novembre 1960

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 23 août 1961.

No. 5825. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
CHILE UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT SANTIAGO, ON 8 NOVEMBER 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 of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries and taking into account the effect on the economy of Chile of the recent natural disasters :

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

Considering that the 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 ESCUDOS

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 Chile of purchase authorizations, the Government of the United

¹ Came into force on 8 November 1960, upon signature, in accordance with article VI.

States of America undertakes to finance the sales for escudos to purchasers authorized by the Government of Chile 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> |
|---|--|
| Wheat | \$ 15.4 |
| Feedgrains (corn and sorghum) | 1.1 |
| Cotton | 4.3 |
| Edible vegetable oil | 3.6 |
| Tobacco | 1.5 |
| Ocean transportation | 3.0 |
| | <hr/> |
| | TOTAL \$ 28.9 |

2. 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 or supplement to this Agreement will be made within 90 days after the effective date of such amendment or supplement. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the escudos accruing from such sale, and other relevant matters.

3. It is understood that the sale of surplus agricultural commodities 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 Chile during the period that the commodities are being imported and utilized.

4. It is understood that the sale of surplus agricultural commodities under this Agreement is intended to assist in meeting Chilean requirements for agricultural commodities through December 31, 1961. It is further understood that, recognizing that the Government of Chile, particularly in view of that Government's current efforts to repair the devastation created by the recent earthquake disaster, may require additional quantities of surplus agricultural commodities during calendar year 1962, the Government of the United States will give sympathetic consideration to any request by the Government of Chile for a subsequent Agreement for the sale of surplus agricultural commodities intended to assist in meeting Chilean requirements for agricultural commodities during calendar year 1962, to the extent that the Act is

further extended after December 31, 1961, that surplus agricultural commodities are available for such sale, and that mutual agreement can be reached as to the terms of sale and the uses of local currencies thereunder.

Article II

USES OF ESCUDOS

1. The two Governments agree that the 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), (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 escudo equivalent of \$5.78 million.
- b.* For a loan to the Government of Chile under subsection (g) of Section 104 of the Act, the escudo equivalent of not more than \$23.12 million 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 escudos 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 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 \$28.9 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 escudo deposit exceeds the equivalent of \$28.9 million, 80 percent of the excess will be available for a loan under Section 104 (g) and 20 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 ESCUDOS

The deposit of escudos 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 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 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, these matters being covered in the memorandum of understanding¹ accompanying this agreement.

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 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 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.

¹ See p. 94 of this volume.

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 at Santiago in duplicate in Spanish and English this eighth day of November 1960.

For the Government
of the United States of America :
Walter HOWE
[SEAL]

For the Government
of Chile :
Germán VERGARA
[SEAL]

MEMORANDUM OF UNDERSTANDING

In view of the effect on the economy of Chile of the recent natural disasters, the Government of the United States of America and the Government of Chile agree that the sales of surplus agricultural commodities under this Agreement¹ 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. Accordingly, it is agreed that no fixed amounts of commercial imports of wheat, tobacco or feed grains shall be stipulated herein, it being expressly understood that such omission has been decided upon purely on the basis of the Government of Chile's financial position regarding foreign exchange resources and its need to devote all possible resources to the task of rehabilitating the area devastated by the disasters while maintaining financial stability. It is also agreed that this does not in any way constitute a precedent for any future agreement. With respect to vegetable oil and cotton, it is understood that imports thereof, under this Agreement, shall be over and above usual commercial imports from the United States and other free world sources of 10,000 metric tons of vegetable oil during calendar year 1961 and 69,000 bales of cotton during the period August 1, 1960 through December 31, 1961.

W. H.
G. V. D.

¹ See p. 86 of this volume.

EXCHANGE OF NOTES

I

The American Ambassador to the Chilean Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

Santiago, November 8, 1960

No. 142

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 escudos 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 Chile will provide facilities for the conversion of 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.

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

Walter Howe

His Excellency Germán Vergara Donoso
Minister of Foreign Affairs
Santiago

¹ See p. 86 of this volume.

[TRANSLATION¹ — TRADUCTION²]REPUBLIC OF CHILE
MINISTRY OF FOREIGN RELATIONS

Santiago, November 8, 1960

No. 14867

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 acceptance of the terms of the note transcribed above ; accordingly, the present note and Your Excellency's note constitute an agreement between our two countries on this matter.

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

Germán VERGARA

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

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