

No. 5891

**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 May 1961**

Official texts : English and Spanish.

Registered by the United States of America on 29 September 1961.

**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 mai 1961**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 29 septembre 1961.

No. 5891. 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 MAY 1961

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

Considering that the pesetas 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 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 May 1961, upon signature, in accordance with article VI.

| <i>Commodity</i> | <i>Export market value (millions)</i> |
|--|---|
| Wheat | \$14.4 |
| Barley | 4.4 |
| Corn | 4.2 |
| Cotton | 22.5 |
| Ocean transportation (estimated) | 4.0 |
| | TOTAL \$49.5 |

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this agreement, except that applications 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 of the effective date of each amendment or supplement. 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.

3. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this agreement.

Article II

USES OF PESETAS

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, fifty percent of the pesetas accruing pursuant to this agreement.

(b) For a loan to the Government of Spain under Section 104 (g) of the Act for financing such projects to promote economic development as may be mutually agreed, including projects not heretofore included in plans of the Government of Spain, fifty percent of the pesetas accruing pursuant to this agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement between the Export-Import Bank of Washington and the Government of Spain. 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 pesetas for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF PESETAS

1. 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.

2. In the event that a subsequent agricultural commodities agreement or agreements should be signed by the two Governments under the Act, any refunds of pesetas which may be due or become due under this agreement more than two years from the effective date of this agreement will be made by the Government of the United States of America from funds available from the most recent agricultural commodities agreement in effect at the time of the refund.

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 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 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 re-

spect 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.

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 22nd day of May, 1961.

For the Government
of the United States of America :

W. Park ARMSTRONG Jr.

For the Government
of Spain :

Fernando M. CASTIELLA

EXCHANGE OF NOTES

I

The American Chargé d'Affaires ad interim to the Spanish Minister for Foreign Affairs

No. 1312

Madrid, May 22, 1961

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

With respect to wheat, I wish to confirm my Government's understanding that the Government of Spain has procured and imported with its own foreign exchange resources at least 250,000 metric tons of wheat from free world sources, including the United States of America, during the year ending June 30, 1961. The Government of Spain agrees that it will not permit exports of wheat or wheat flour during the year ending December 31, 1961 or any subsequent period during which wheat and wheat flour purchased pursuant to the agreement is being imported and utilized, except that it may export up to 20,000 metric tons of durum wheat between the date of the Agreement and December 31, 1961. I wish to confirm my understanding that the Government of Spain during this period will import from the United States or countries friendly to it non-durum wheat in quantities equal to the durum wheat exported, in addition to the quantities of imports referred to above.

With respect to cotton, I wish to confirm my Government's understanding that the Government of Spain has procured or will procure and import with its own foreign exchange resources at least 140,000 bales of cotton from its normal suppliers, including the United States of America, during the year ending November 30, 1961.

With respect to loans for economic development under sub-paragraph "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 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 representatives of our two Governments 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. 260 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 \$990,000 to West German Deutsch Marks for remission to the United States Disbursing Officer in Bonn 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 analysis, promotion of particular commodities, education and demonstration projects, participation in international fairs, visits of representatives of the Government of Spain, trade groups and agricultural groups to the United States of America 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 of America 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 Act.

5. The Government of Spain will, within 30 days of the time request 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 other currencies for uses in countries other than Spain in accordance with Section 104 (h) of the Act.

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

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

W. Park ARMSTRONG, Jr.
Chargé d'Affaires, a. i.

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

Le ruego acepte, señor Encargado de Negocios, las seguridades de mi alta consideración.

Fernando M. CASTIELLA

Sr. W. Park Armstrong Jr.
Encargado de Negocios a.i. de la Embajada
de los Estados Unidos de América

[TRANSLATION ¹ — TRADUCTION ²]

MINISTRY OF FOREIGN AFFAIRS

Madrid, May 22, 1961

No. 219

Sir :

I have the honor to acknowledge receipt of Your Excellency's note No. 1312 of this date, which, duly translated, reads as follows :

[See note I]

In the name of my Government, I have the honor to inform you of its agreement to the foregoing.

Accept, Mr. Chargé d'Affaires, the assurances of my high consideration.

Fernando M. CASTIELLA

Mr. W. Park Armstrong, Jr.
Chargé d'Affaires ad interim of the Embassy
of the United States of America

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