

No. 5882

**UNITED STATES OF AMERICA
and
ECUADOR**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Quito,
on 3 April 1961**

Official texts : English and Spanish.

Registered by the United States of America on 29 September 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
échange de notes). Signé à Quito, le 3 avril 1961**

Textes officiels anglais et espagnol.

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

No. 5882. 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 3 APRIL 1961

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 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 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 3 April 1961, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value</i>
Cotton	\$700,000
Leaf Tobacco	500,000
Tobacco products	1,000,000
Ocean transportation (est.)	50,000
	TOTAL \$2,250,000

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

It is understood that the sale of cotton, leaf tobacco, and tobacco products 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 cotton, leaf tobacco, and tobacco products are being imported and utilized.

Article II

USE 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, 25 percent of the sucres accruing pursuant to this Agreement.

(b) For loans to be made by the Export-Import Bank of Washington under subsection (e) of Section 104 of the Act and for administrative expenses of the Export-Import Bank of Washington in Ecuador incident thereto, 25 percent of the sucres accruing pursuant to this 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 designates, 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 three 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, 50 percent of the sucres accruing pursuant to this Agreement 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 a separate loan agreement. In the event agreement is not reached on the use of Ecuadorean sucres

set aside for loans under this paragraph within three years from the date of this Agreement, the Government of the United States of America may use the sucres for any other purposes authorized by Section 104 of the Act.

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 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.

DONE in duplicate this third day of April one thousand nine hundred and sixty-one.

For the Government
of Ecuador :

Jaime NEBOT V.
Minister of Fomento

For the Government
of the United States of America :

Maurice M. BERNBAUM
American Ambassador

EXCHANGE OF NOTES

I

The American Ambassador to the Ecuadorean Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

Quito, April 3, 1961

No. 349

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 Ecuador under Title I of the Agricultural Trade Development Assistance Act, as amended.

I wish to confirm my Government's understanding of the agreement on the following points reached in conversations which have taken place between representatives of my Government and of the Government of Ecuador.

In order that the delivery of commodities under the subject Agreement will not unduly disrupt world prices of agricultural commodities, nor impair trade relations among friendly nations, the Government of Ecuador will import with its own foreign exchange resources the following quantities of cotton and tobacco products :

- (1) During fiscal year 1961 a minimum of 1500 bales of cotton, from free world sources, of which at least 600 bales will be from the United States of America.
- (2) During calendar year 1961 a minimum of 300,000 pounds of tobacco products from the United States of America.

The above quantities will be purchased in addition to those quantities to be obtained pursuant to the subject Agreement.

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

Accept, Excellency, the renewed assurances of my highest and most distinguished consideration.

Maurice M. BERNBAUM

His Excellency Dr. José Ricardo Chiriboga Villagómez
Minister of Foreign Affairs
Quito

¹ See p. 140 of this volume.

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF ECUADOR
MINISTRY OF FOREIGN AFFAIRS

Quito, April 3, 1961

No. 632 (22) (34)/10-DDP.

Mr. Ambassador :

I have the honor to reply to Your Excellency's communication No. 349 of this date, whereby, with reference to the Agricultural Commodities Agreement signed between the Governments of Ecuador and of the United States of America today, you were good enough to confirm to me the understanding of Your Excellency's Government concerning the agreement reached in conversations held by the representatives of the two Governments on the following points :

[See note I]

4. In reply, I take pleasure in confirming to Your Excellency that this understanding is acceptable to my Government.

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

José R. CHIRIBOGA V.
Minister of Foreign Relations

His Excellency Maurice M. Bernbaum
Ambassador Extraordinary and Plenipotentiary
of the United States of America

III

The American Ambassador to the Ecuadorean Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

Quito, April 3, 1961

No. 350

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 Translation by the Government of the United States of America.

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

Estados Unidos de América, se sirve confirmarme el acuerdo alcanzado en conversaciones entre representantes de los Gobiernos de los Estados Unidos de América y el del Ecuador, con respecto al uso de la moneda nacional (sucres), obtenido con sujeción a dicho Convenio.

2. En respuesta, me es grato comunicar a Vuestra Excelencia que mi Gobierno está de acuerdo en que proveerá de las facilidades necesarias para la conversión a otras monedas de una cantidad de sucres que no exceda de un equivalente a cuarenta y cinco mil dólares (US\$ 45.000), con la finalidad de asegurar los fondos destinados a financiar las actividades para el desarrollo del mercado agrícola por parte del Gobierno de los Estados Unidos de América en otros países.

Reitero a Vuestra Excelencia las seguridades de mi más alta y distinguida consideración.

Por el Ministro, el Subsecretario :
E. SANTOS CAMPOSANO

A su Excelencia
Señor Don Maurice M. Bernbaum
Embajador Extraordinario
y Plenipotenciario
de los Estados Unidos de América

ment and the Government of the United States of America, you are good enough to confirm the agreement reached in conversations between representatives of the Government of the United States of America and the Government of Ecuador, with respect to the use of national currency (sucres) accruing under the said Agreement.

2. In reply, I take pleasure in informing Your Excellency that my Government agrees to provide the necessary facilities for converting to other currencies an amount of sucres not to exceed the equivalent of forty-five thousand dollars (US\$45,000) to ensure the funds to finance the agricultural market development activities of the Government of the United States of America in other countries.

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

For the Minister :
E. SANTOS CAMPOSANO
Under Secretary

His Excellency
Maurice M. Bernbaum
Ambassador Extraordinary
and Plenipotentiary
of the United States of America