

No. 5594

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**UNITED STATES OF AMERICA  
and  
CEYLON**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act,  
as amended (with exchange of notes). Signed at  
Colombo, on 30 September 1960**

*Official text: English.*

*Registered by the United States of America on 1 March 1961.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
CEYLAN**

**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 Colombo, le 30 septembre  
1960**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 1<sup>er</sup> mars 1961.*

No. 5594. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
STATES OF AMERICA AND THE GOVERNMENT OF  
CEYLON UNDER TITLE I OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS  
AMENDED. SIGNED AT COLOMBO, ON 30 SEPTEMBER  
1960

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The Government of the United States of America and the Government of Ceylon :

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, unduly disrupt world prices of agricultural commodities, or disrupt normal patterns of commercial trade with friendly countries;

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

Considering that the Ceylon rupees 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, as specified below, of surplus agricultural commodities to Ceylon 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 CEYLON RUPEES

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Ceylon of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Ceylon, for Ceylon rupees, of the following agricultural commodity determined to be surplus pursuant to the Act in the amount indicated :

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<sup>1</sup> Came into force on 30 September 1960, upon signature, in accordance with article VI.

| <i>Commodity</i>               | <i>Amount<br/>(Million)</i> |
|--------------------------------|-----------------------------|
| Wheat flour . . . . .          | \$4.1                       |
| Ocean transportation . . . . . | 1.0                         |
|                                | \$5.1                       |

Applications for purchase authorizations shall be made not later than ninety (90) calendar days after the effective date of this agreement. They will include provisions relating to the sale and delivery of the commodity, the time and circumstances of deposit of the rupees accruing from such sale and other relevant matters.

## *Article II*

### USES OF RUPEES

The two Governments agree that the rupees 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 may determine, for the following purposes, in the amounts, shown :

1. For payment of United States expenditures in Ceylon under sub-sections (a) (b) (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 sub-sections, the Ceylon rupee equivalent of \$1.02 million.

2. For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of said Act and for administrative expenses of the Export-Import Bank of Washington in Ceylon incident thereto the rupee equivalent of \$1.28 million, but not more than 25 percent of the currencies received under the agreement. It is understood that :

(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 Ceylon for business development and trade expansion in Ceylon and to United States firms and Ceylon 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. In the event the rupees set aside for loans under Section 104 (e) of the Act, as amended, 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 Central Bank of Ceylon, the Government of the United States of America may use the rupees for any purpose authorized by Section 104 of the Act, as amended.

(b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Ceylon acting through the Central Bank of Ceylon. The Governor of the Central Bank of Ceylon, or his designate, will act for the Government of Ceylon, 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 Central Bank of Ceylon 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 Central Bank of Ceylon 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 those prevailing in Ceylon on comparable loans and the maturities will be consistent with the purposes of the financing.

(e) Within sixty days after the receipt of notice that the Export-Import Bank is prepared to act favorably upon an application the Central Bank of Ceylon will indicate to the Export-Import Bank whether or not the Central Bank of Ceylon has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Central Bank of Ceylon it shall be understood that the Central Bank of Ceylon 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 Ceylon.

3. For a grant to the Government of Ceylon under sub-section (e) of Section 104 of the Act, the rupee equivalent of not more than \$1.28 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Ceylon, as may be mutually agreed upon.

4. For a loan to the Government of Ceylon under sub-section (g) of Section 104 of the Act, the rupee equivalent of not more than \$1.52 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Ceylon, as may be mutually agreed upon. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement.

In the event the total of rupees accruing to the Government of the United States of America as a consequence of sales made pursuant to the Agreement is less than the rupees equivalent of \$5.1 million the amount available for a loan to the Government of Ceylon under Section 104 (g) may be reduced by the amount of such difference; in the event the total rupee deposit exceeds the equivalent of \$5.1 million, 55 percent of such difference may be available for the

loan under 104 (g) and 45 percent for any use or uses authorized under Section 104 of the Act as determined by the Government of the United States of America.

In the event that the rupees set aside for grants and loans under paragraphs 3 and 4 of this Article are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on the use of the rupees for grant and loan purposes, the Government of the United States of America may use the rupees for any other purpose authorized by Section 104 of the Act.

### *Article III*

#### DEPOSIT OF CEYLON RUPEES

Ceylon rupees shall be deposited 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) 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 United States of America, as provided in the purchase authorizations.

### *Article IV*

#### GENERAL UNDERSTANDINGS

The Government of Ceylon agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purpose (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 for export from Ceylon of these or like commodities.

The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to the 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.

The Government of Ceylon 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 arrivals and conditions of commodities and information relating to exports of the same or like commodities.

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.

*Article V*

CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

*Article VI*

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 Colombo, this thirtieth day of September, 1960.

For the Government  
of the United States of America :

Bernard GUFLE  
[SEAL]

For the Government  
of Ceylon :

T. B. ILANGARATNE  
[SEAL]

EXCHANGE OF NOTES

I

*The American Ambassador to the Ceylonese Minister of Commerce, Trade, Food,  
and Shipping*

No. 103

Colombo, September 30, 1960

Dear Mr. Minister :

I have the honor to refer to the Agricultural Commodities Agreement signed today<sup>1</sup> between the Government of the United States of America and the Government of Ceylon (hereinafter referred to as the Agreement) and, with regard to the rupees accruing to uses under Article II of the Agreement, to state that the understanding of the Government of the United States of America is as follows :

<sup>1</sup> See p. 222 of this volume.

1. With respect to Article II, paragraph 1 of the Agreement :

The Government of Ceylon will provide facilities for the conversion of the rupee equivalent of \$100,000 accruing under the subject agreement for agricultural market development purposes into currencies other than United States dollars on the request of the Government of the United States. 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.

The Government of the United States of America may utilize rupees to procure in Ceylon goods and services needed in connection with agricultural market development projects and activities in other countries.

The Government of the United States of America may utilize rupees in Ceylon to pay for international transportation and travel originating either in Ceylon or in the United States, including connecting transportation which is performed in connection with any of the activities specified in Article II, paragraph 1 of the Agreement.

2. Imports of wheat flour under Title I of the Act shall be over and above usual commercial imports from Free world sources of at least 50,000 metric tons of wheat flour during 1960 (in addition to the 100,000 metric tons Ceylon has agreed to purchase from Australia).

I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of Ceylon.

Accept, Mr. Minister, the renewed assurances of my highest consideration.

Bernard GUFLER

The Honorable T. B. Ilangaratne  
Minister of Commerce, Trade, Food, and Shipping  
Colombo

## II

*The Ceylonese Minister of Commerce, Trade, Food, and Shipping to the American  
Ambassador*

MINISTRY OF COMMERCE, TRADE, FOOD AND SHIPPING

CA : 7307

Colombo, 30th September 1960

Excellency,

I have the honour to acknowledge the receipt of your letter number 103 dated September 30, 1960 which reads as follows :

[See note I]

I confirm that the foregoing sets forth the understanding of the Government of Ceylon.

Accept, Excellency, the assurances of my highest consideration.

T. B. ILANGARATNE  
Minister

His Excellency Mr. Bernard A. Gufler  
Ambassador of the United States of America  
Colombo