

No. 6231

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**UNITED STATES OF AMERICA  
and  
PARAGUAY**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act,  
as amended (with exchange of notes). Signed at  
Asunción, on 7 July 1961**

*Official texts: English and Spanish.*

*Registered by the United States of America on 11 July 1962.*

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

**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 Asunción, le 7 juillet 1961**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 11 juillet 1962.*

No. 6231. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PARAGUAY UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT ASUNCION, ON 7 JULY 1961

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

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

Considering that the guaraníes 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 Paraguay 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 GUARANÍES

1. Subject to the availability of commodities for programing under the Act and to issuance by the Government of the United States of America and acceptance by the Government of Paraguay of purchase authorizations, the Government of the United States of America undertakes to finance the sales for guaraníes to purchasers authorized by the Government of Paraguay of the following agricultural commodities determined to be surplus pursuant to the Act in the amounts indicated :

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<sup>1</sup> Came into force on 7 July 1961, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value</i>
Wheat, including flour . . . . .	\$5,400,000
Ocean transportation . . . . .	1,500,000
TOTAL	\$6,900,000

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 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 guaraníes accruing from such sale, and other relevant matters.

3. It is understood that the sale of wheat and/or flour under this Agreement is not intended to increase the availability of wheat or wheat products for export and is made on the condition that no exports of such commodities will be made from Paraguay during the period that the wheat and/or flour is being imported and utilized.

## *Article II*

### USES OF GUARANÍES

1. The two Governments agree that the guaraníes 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, 15 percent of the guaraníes accruing under the Agreement.

*b.* 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 Paraguay incident thereto, five percent of the guaraníes accruing under the 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 Paraguay for business development and trade expansion in Paraguay and to United States firms and Paraguayan 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 Paraguay. The President of the Central Bank of Paraguay, or his designate, will act for the Government of Paraguay, 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 Paraguay 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 Paraguay 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 Paraguay on comparable loans, and the maturities will be consistent with the purposes of the financing.
- (5) Within 60 days after the receipt of the notice that the Export-Import Bank is prepared to act favorably upon an application, the Central Bank of Paraguay will indicate to the Export-Import Bank whether or not the Central Bank of Paraguay 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 Paraguay, it shall be understood that the Central Bank of Paraguay 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 Paraguay.
- (6) In the event the guaraníes 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 Central Bank of Paraguay, the Government of the United States of America may use the guaraníes for any purpose authorized by Section 104 of the Act.

*c.* For a grant to the Government of Paraguay under Section 104 (e) of the Act, 40 percent of the guaraníes accruing under the Agreement for financing such projects to promote balanced economic development as may be mutually agreed.

*d.* For a loan to the Government of Paraguay under subsection (g) of Section 104 of the Act, 40 percent of the guaraníes accruing under the Agreement for financing such projects to promote balanced economic development, including projects not heretofore included in plans of the Government of Paraguay as may be mutually agreed.

In the event that agreement is not reached on the use of the guaraníes 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.

### *Article III*

#### DEPOSIT OF GUARANÍES

1. The deposit of guaraníes 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 guaraníes 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 Paraguay 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.
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 Paraguay 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.

*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 Asunción, Paraguay in duplicate this seventh day of July, 1961.

For the Government  
of the United States of America :

Albert E. CARTER  
Chargé d'Affaires ad interim

For the Government  
of Paraguay :

Raúl SAPENA PASTOR  
Minister of Foreign Affairs

[SEAL]

## EXCHANGE OF NOTES

## I

## EMBASSY OF THE UNITED STATES OF AMERICA

Asunción, July 7, 1961

No. 1

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 Paraguay signed today.<sup>1</sup>

I wish to confirm my Government's understanding that Paraguay will resume normal imports of wheat from traditional suppliers under bilateral agreements during 1962.

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

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

Albert E. CARTER  
Chargé d'Affaires ad interim

His Excellency Dr. Raúl Sapena Pastor  
Minister of Foreign Affairs  
Asunción

## II

[SPANISH TEXT — TEXTE ESPAGNOL]

Asunción, 7 de julio de 1961.

D.O.T.A.I. N° 1038.

Señor Encargado de Negocios :

Tengo el agrado de dirigirme a Vuestra Señoría a fin de avisar recibo de su nota N° 1, de esta misma fecha, cuyo texto en versión española es el siguiente :

« Excelencia : Tengo el honor de hacer referencia al Convenio sobre Productos Agrícolas entre el Gobierno de los Estados Unidos de América y el Gobierno del Paraguay firmado hoy.

<sup>1</sup> See p. 54 of this volume.

« Deseo confirmar el entendimiento de mi Gobierno en el sentido de que el Paraguay reasumirá las importaciones normales de trigo, de los abastecedores tradicionales según convenio bilaterales, durante 1962.

« Apreciaré recibir la confirmación de Su Excelencia respecto al entendimiento arriba expresado.

« Acepte, Excelencia, las renovadas seguridades de mi más alta consideración. »

En respuesta, cúmpleme llevar a conocimiento de Vuestra Señoría la conformidad de mi Gobierno a lo expuesto en su nota transcrita precedentemente, considerando la misma y la presente nota, como un Acuerdo formal entre nuestros dos Gobiernos sobre el asunto de que se trata.

Hago propicia la oportunidad para reiterar a Vuestra Señoría las seguridades de mi consideración más distinguida.

Raúl SAPENA PASTOR

[SELLO]

A Su Señoría Don Albert E. Carter  
Encargado de Negocios a.i. de los Estados Unidos de América  
en el Paraguay  
Ciudad

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

Asunción, July 7, 1961

D.O.T.A.I. No. 1038.

Mr. Chargé d'Affaires :

I take pleasure in addressing you in order to acknowledge receipt of your note No. 1 of this date, the text of which in Spanish translation reads as follows :

[See note I]

In reply, I am to inform you that my Government agrees to the terms of your note transcribed above and considers that note and this note to be a formal agreement between our two Governments on the matter in question.

I avail myself of the opportunity to renew to you the assurances of my most distinguished consideration.

Raúl SAPENA PASTOR

[SEAL]

Mr. Albert E. Carter  
Chargé d'Affaires ad interim of the United States of America  
in Paraguay  
City

<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.



## III

## EMBASSY OF THE UNITED STATES OF AMERICA

Asunción, July 7, 1961

No. 2

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 Paraguay signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the representatives of the Government of the United States of America and the Government of Paraguay with respect to the use of guaraníes 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 Paraguay will provide facilities for the conversion of up to two percent of the total amount specified in Article I of the Agreement into other currencies. 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 of America in other countries.

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

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

Albert E. CARTER  
Chargé d'Affaires ad interim

His Excellency Dr. Raúl Sapena Pastor  
Minister of Foreign Affairs  
Asunción

## IV

[SPANISH TEXT — TEXTE ESPAGNOL]

Asunción, 7 de julio de 1961

D.O.T.A.I. N° 1039.

Señor Encargado de Negocios :

Tengo el agrado de dirigirme a Vuestra Señoría a fin de avisar recibo de su nota N° 2, de esta misma fecha, cuyo texto en versión española es el siguiente :

« Excelencia : Tengo el honor de referirme al Convenio sobre Productos Agrícolas entre el Gobierno de los Estados Unidos de América y el Gobierno del Paraguay firmado hoy.

I take pleasure in addressing you in order to acknowledge receipt of your note No. 2 of this date, the text of which in Spanish translation reads as follows :

[*See note III*]

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<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

N° 6231

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In reply, I am to inform you that my Government agrees to the terms of your note transcribed above and considers that note and this note to be a formal agreement between our two Governments on the matter in question.

I avail myself of the opportunity to renew to you the assurances of my most distinguished consideration.

Raúl SAPENA PASTOR  
[SEAL]

Mr. Albert E. Carter  
Chargé d'Affaires ad interim of the United States of America  
in Paraguay  
City

V

EMBASSY OF THE UNITED STATES OF AMERICA

Asunción, July 7, 1961

No. 3

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 Paraguay and, with regard to the guaraníes accruing to uses indicated under Article II of the Agreement, state that the understanding of the Government of the United States of America is as follows :

With respect to both paragraphs *c* and *d* of Article II :

Local currency will be advanced or reimbursed to the Government of Paraguay for financing agreed projects under paragraphs *c* and *d* of Article II of the Agricultural Commodities Agreement upon the presentation of such documentation as the Technical Cooperation Mission may specify.

The Government of Paraguay shall maintain or cause to be maintained books and records adequate to identify the goods and services financed for agreed projects pursuant to paragraphs *c* and *d* of Article II of the Agricultural Commodities Agreement, to disclose the use thereof in the projects and to record the progress of the projects (including the cost thereof). The books and records with respect to each project shall be maintained for the duration of the project, or until the expiration of three years after final disbursement for the project has been made by USOM, whichever is later. The two Governments shall have the right at all reasonable times to examine such books and records and all other documents, correspondence, memoranda and other records involving transactions relating to agreed projects. The Government of Paraguay shall enable the USOM to observe and review agreed pro-

jects and the utilization of goods and services financed under the projects, and shall furnish to the USOM all such information as it shall reasonably request concerning the above-mentioned matters and the expenditures related thereto. The Government of Paraguay shall afford, or arrange to have afforded, all reasonable opportunity for authorized representatives of the Government of the United States to visit any part of the territory of Paraguay for purposes related to agreed projects.

If the USOM determines that any disbursement under paragraphs *c* and *d* of Article II of the Agricultural Commodities Agreement made by it for agreed projects is not supported by the documentation submitted by the Government of Paraguay, is not made in accordance with the terms of this agreement or any applicable agreement or arrangement between the Government of the United States and the Government of Paraguay, or is in violation of any applicable laws or regulations of the United States Government, the Government of Paraguay shall pay to the USOM as may be requested by it, an amount in local currency not to exceed the amount of such disbursement. Where any payment is made by the Government of Paraguay to the USOM pursuant to the preceding sentence on the basis of a disbursement which has been charged as an advance under the line of credit established by the loan agreement, the total amount charged as advances under the line of credit shall be reduced by the amount of such payment.

The USOM shall expend funds for agreed projects only in accordance with the applicable laws and regulations of the United States Government. The USOM may decline to make further disbursements for any agreed projects if it determines that further disbursements would not fulfill the purposes of paragraphs *c* and *d* of Article II of the Agricultural Commodities Agreement.

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

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

Albert E. CARTER  
Chargé d'Affaires ad interim

His Excellency Raúl Sapena Pastor  
Minister of Foreign Relations  
Asunción

## VI

[SPANISH TEXT — TEXTE ESPAGNOL]

Asunción, 7 de julio de 1961

D.O.T.A.I. N° 1040.

Señor Encargado de Negocios :

Tengo el agrado de dirigirme a Vuestra Señoría a fin de avisar recibo de su nota N° 3, de esta misma fecha, cuyo texto en versión española es el siguiente :

plan de crédito establecido por el convenio de préstamo, el monto total imputado como adelantos bajo el plan de crédito será reducido por el monto de dicho pago. La Misión de Operaciones de los Estados Unidos gastará fondos para proyectos convenidos solamente de acuerdo con las leyes y reglamentos aplicables del Gobierno de los Estados Unidos. La Misión de Operaciones de los Estados Unidos puede declinar a hacer otros desembolsos para cualesquiera proyectos convenidos si ella determinara que otros desembolsos no cumplieran los propósitos de los párrafos *c* y *d* del Artículo II del Convenio de Productos Agrícolas.

« Apreciaré su confirmación de que el contenido de esta nota también representa el entendimiento del Gobierno del Paraguay.

« Acepte, Excelencia, las renovadas seguridades de mi más alta consideración. »

En respuesta, cúpleme llevar a conocimiento de Vuestra Señoría la conformidad de mi Gobierno a lo expuesto en su nota transcrita precedentemente, considerando la misma y la presente nota, como un Acuerdo formal entre nuestros dos Gobiernos sobre el asunto de que se trata.

Hago propicia la oportunidad para reiterar a Vuestra Señoría las seguridades de mi consideración más distinguida.

Raúl SAPENA PASTOR

[SELLO]

A Su Señoría Don Albert E. Carter  
Encargado de Negocios a.i. de los Estados Unidos de América  
Ciudad

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

Asunción, July 7, 1961

D.O.T.A.I. No. 1040.

Mr. Chargé d'Affaires :

I take pleasure in addressing you in order to acknowledge receipt of your note No. 3 of this date, the text of which in Spanish translation reads as follows :

[See note V]

<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

In reply, I am to inform you that my Government agrees to the terms of your note transcribed above and considers that note and this note to be a formal agreement between our two Governments on the matter in question.

I avail myself of the opportunity to renew to you the assurances of my most distinguished consideration.

Raúl SAPENA PASTOR  
[SEAL]

Mr. Albert E. Carter  
Chargé d'Affaires ad interim of the United States of America  
City