

**No. 6233**

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**UNITED STATES OF AMERICA  
and  
BRAZIL**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act,  
as amended (with exchange of notes). Signed at Rio  
de Janeiro, on 4 May 1961**

*Official texts: English and Portuguese.*

*Registered by the United States of America on 13 July 1962.*

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

**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 Rio de Janeiro, le 4 mai 1961**

*Textes officiels anglais et portugais.*

*Enregistré par les États-Unis d'Amérique le 13 juillet 1962.*

No. 6233. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA AND THE GOVERNMENT OF THE UNITED  
STATES OF BRAZIL UNDER TITLE I OF THE AGRICUL-  
TURAL TRADE DEVELOPMENT AND ASSISTANCE ACT,  
AS AMENDED. SIGNED AT RIO DE JANEIRO, ON 4 MAY  
1961

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

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 these agricultural commodities or normal patterns of commercial trade with friendly countries ;

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

Considering that the cruzeiros 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 the Government of Brazil pursuant to Title I of the Agricultural Trade Development and Assistance Act, of 1954, 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 CRUZEIROS

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 Brazil of purchase authorizations, the Government of the United States of America undertakes to finance the sales for cruzeiros to purchas-

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<sup>1</sup> Came into force on 4 May 1961, upon signature, in accordance with article VI.

ers authorized by the Government of Brazil of the following agricultural commodities determined to be surplus pursuant to the Act in the amounts indicated.

<i>Commodity</i>	<i>Export Market Value</i>
Wheat, including flour . . . . .	US\$62,000,000
Ocean transportation . . . . .	US\$ 8,000,000
	TOTAL US\$70,000,000

2. Applications for purchase authorizations will be made within 90 calendar days after 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 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 cruzeiros accruing from such sale, and other relevant matters.

3. It is understood that the sale of wheat 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 Brazil during the period that the wheat is being imported and utilized.

4. It is understood that the sale of surplus agricultural commodities under this Agreement is intended to assist in meeting Brazilian requirements for such commodities through December 31, 1961. It is further understood that, recognizing that the Government of Brazil may require additional quantities of such commodities in 1962 and subsequent years, the Government of the United States will give consideration to any future request by the Government of Brazil for the sale of surplus agricultural commodities under Title I of the Act, to the extent that the Act is extended beyond December 31, 1961, that the desired commodities are available for such sale, that mutual agreement can be reached as to the terms of such sale and the uses of the local currency thereunder, and that it is established that such sale does not interfere with traditional sales to Brazil by other friendly supplying countries.

### *Article II*

#### USES OF CRUZEIROS

The cruzeiros 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 a grant to the Government of Brazil under subsection (e) of Section 104 of the Act, twenty (20) per cent of the cruzeiro equivalent of the dollar value of

sales made under this Agreement computed at the rate at which the two Governments have agreed deposits against the eighty-five (85) per cent of each dollar disbursement by the United States designated for grants and loans to the Government of Brazil will be made, for financing projects to promote economic development, according to mutually agreed procedures.

- (b) For a loan to the Government of Brazil under subsection (g) of Section 104 of the Act, sixty-five (65) per cent of the cruzeiro equivalent of the dollar value of sales made under this Agreement computed at the rate at which the two Governments have agreed deposits against the eighty-five (85) per cent of each dollar disbursement by the United States designated for grants and loans to the Government of Brazil will be made for financing through the Banco Nacional do Desenvolvimento Econômico of projects to promote economic development, including projects not heretofore included in plans of the Government of Brazil, in accordance with the provisions of a separate loan agreement to be entered into between the two Governments. A portion of the cruzeiros set aside under this subsection equivalent to not less than 10 per cent of the cruzeiro equivalent of the dollar value of sales made under this Agreement computed at the rate at which the two Governments have agreed deposits against the eighty-five (85) per cent of each dollar disbursement by the United States designated for grants and loans to the Government of Brazil will be made, will be reserved for relending by the Government of Brazil to private enterprise.
- c) For United States expenditures under subsections (a) through (d), subsection (f) and subsections (h) through (r) of Section 104 of the Act or under any of such subsections, fifteen (15) per cent of the cruzeiro equivalent of the dollar value of sales made under this Agreement computed at the rate at which the two Governments have agreed deposits against the fifteen (15) per cent of each dollar disbursement by the United States designated for United States expenditures under these subsections of the Act will be made.
- (d) For use by the Government of the United States of America for any purposes authorized by Section 104 of the Act, cruzeiros set aside for grants and loans under (a) and (b) above in the event that they are not disbursed from the "special account" of the United States Government in the Bank of Brazil, referred to in paragraph 2 of Article III below, within three (3) years from the date of this Agreement.

### Article III

#### DEPOSIT OF CRUZEIROS

1. The deposit of cruzeiros 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 agreed upon by the two Governments.

2. Upon receipt by the Government of Brazil of notice of dollar disbursements to United States exporters by the Government of the United States of America or in such other manner as may be mutually agreed, the Government of Brazil shall provide for the deposit of the cruzeiro equivalent of the dollar disbursements by the Government of the United States of America for payment of the transactions concerned in a "special account" of the Government of the United States of America in the Bank of Brazil. The cruzeiros constituting the fifteen (15) per cent specified in Article II, (c), may, at the option of the Government of the United States of America, be withdrawn at any time from the special account in the Bank of Brazil.

3. In the event that a subsequent agricultural commodities agreement or agreements should be signed by the two Governments under the Act, any refunds of cruzeiros which may be due or become due under this Agreement more than two years from the effective date of this Agreement would 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 Brazil 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 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 Brazil will furnish, upon request of the Government of the United States, information on the progress of the program, particularly with res-

pect 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 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 Rio de Janeiro, in duplicate, in the English and Portuguese languages, this 4th day of May, 1961.

For the Government  
of the United States  
of America :

John M. CABOT

For the Government  
of the United States  
of Brazil :

Afonso Arinos DE MELO FRANCO

## EXCHANGE OF NOTES

## I

*The American Ambassador to the Brazilian Minister for Foreign Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

No. 609

Rio de Janeiro, May 4, 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 Brazil signed on this date<sup>1</sup> and, in particular, to Article III, paragraph 1, concerning the applicable rate of exchange for the deposit of cruzeiros equivalent to : (1) the dollar sales value of commodities to be purchased under the Agreement, and (2) ocean transportation costs financed by the Government of the United States.

It is the understanding of the Government of the United States that cruzeiro deposits against fifteen (15) per cent of each disbursement by the United States, corresponding to the portion of sales proceeds set aside for purposes specified under Article II, (c), of the Agricultural Commodities Agreement, shall be made at the free market rate in effect on the date of dollar disbursement. Deposits against the remaining eighty-five (85) per cent of each dollar disbursement, designated for uses specified under Article II, (a) and (b), shall be made at the preferential import rate, currently fixed at 200 cruzeiros per dollar, in effect on the date of dollar disbursement. In the event that this preferential import rate is changed, the rate at which cruzeiros are deposited against eighty-five (85) per cent of each dollar disbursement made on or after the date on which the new preferential rate becomes effective shall be adjusted accordingly. Should the free market rate be made applicable to commodities included in the above-mentioned Agreement, cruzeiro deposits against one hundred (100) per cent of each dollar disbursement for these commodities, which takes place on or after the effective date of such change, shall be made at the free market rate in effect on the date of such dollar disbursements. It is further understood that if there should be any other changes in the exchange system of Brazil, the amount of cruzeiros to be deposited under the provisions of Article III of the Agreement shall be determined by mutual agreement.

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

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

John M. CABOT

His Excellency Dr. Afonso Arinos de Melo Franco  
Minister for Foreign Affairs  
Rio de Janeiro

<sup>1</sup> See p. 92 of this volume.

Aproveito a oportunidade para renovar a Vossa Excelência os protestos da minha mais alta consideração.

Afonso Arinos DE MELO FRANCO

A Sua Excelência o Senhor John Moors Cabot  
Embaixador dos Estados Unidos da América

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

MINISTRY OF FOREIGN AFFAIRS

May 4, 1961

DAI/DEC/DOr/72/811.(42) (22)

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's note No. 609 of this date, which is of the following tenor :

[See note I]

2. In reply, I inform Your Excellency that the Brazilian Government agrees to the foregoing.

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

Afonso Arinos DE MELO FRANCO

His Excellency John Moors Cabot  
Ambassador of the United States of America

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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.