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No. 6349

**UNITED STATES OF AMERICA
and
REPUBLIC OF KOREA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Seoul,
on 2 March 1962**

Official text: English.

Registered by the United States of America on 16 October 1962.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CORÉE**

**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 Séoul, le 2 mars 1962**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 16 octobre 1962.

No. 6349. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF THE
REPUBLIC OF KOREA TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT SEOUL, ON 2 MARCH 1962

The Government of the United States of America and the Government of the Republic of Korea :

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly countries 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 hwan of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

Considering that the hwan 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 agricultural commodities to Korea 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 HWAN

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of the Republic of Korea of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the

¹ Came into force on 2 March 1962, upon signature, in accordance with article VI.

sales for hwan, to purchasers authorized by the Government of the Republic of Korea, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value (Millions)</i>
Cotton	\$22.5
Wheat	15.5
Ocean Transportation (estimated)	2.8
TOTAL	\$40.8

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 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 hwan 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.

4. The financing, sale and delivery of commodities under this Agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

Article II

USES OF HWAN

The hwan accruing to the Government of the United States of America as a consequence of sales made pursuant to the 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 :

1. For United States expenditures under subsections (a), (b), (f), and (h) through (r) of Section 104 of the Act or under any of such subsections, 10 percent of the hwan accruing pursuant to this Agreement.

2. For loans to be made by the Agency for International Development of Washington under Section 104 (e) of the Act and for administrative expenses of the Agency for International Development of Washington in Korea incident thereto, 2.2 percent of the hwan accruing pursuant to this Agreement. It is understood :

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 the Republic of

Korea for business development and trade expansion in the Republic of Korea, and to United States firms and Republic of Korea 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.

- b. Loans will be mutually agreeable to the Agency for International Development of Washington and the Government of the Republic of Korea, acting through the Bank of Korea. The Governor of the Bank of Korea, or his designate, will act for the Government of the Republic of Korea, and the administrator of the Agency for International Development of Washington, or his designate, will act for the Agency for International Development of Washington.
- c. Upon receipt of an application which the Agency for International Development of Washington is prepared to consider, the Agency for International Development of Washington will inform the Bank of Korea 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 Agency for International Development of Washington is prepared to act favorably upon an application, it will so notify the Bank of Korea 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 the Republic of Korea on comparable loans, and the maturities will be consistent with the purposes of the financing.
- e. Within sixty days after the receipt of the notice that the Agency for International Development of Washington is prepared to act favorably upon an application, the Bank of Korea will indicate to the Agency for International Development of Washington whether or not the Bank of Korea has any objection to the proposed loan. Unless within the sixty-day period the Agency for International Development of Washington has received such a communication from the Bank of Korea, it shall be understood that the Bank of Korea has no objection to the proposed loan. When the Agency for International Development of Washington approves or declines the proposed loan, it will notify the Bank of Korea.
- f. In the event the Korean hwan 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 Agency for International Development of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Agency for International Development of Washington and the Bank of Korea, the Government of the United States of America may use the Korean hwan for any purpose authorized by Section 104 of the Act.

3. To procure military equipment, material, facilities and services for Korean defense forces in accordance with Section 104 (c) of the Act, as amended, 87.8 percent of the hwan accruing pursuant to this Agreement.

Article III

DEPOSIT OF HWAN

1. The amount of hwan to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into hwan as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of the Republic of Korea, or
- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of the Republic of Korea.

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 hwan 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 the Republic of Korea will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes of the agricultural commodities purchased pursuant to the provisions of this Agreement, (except where such resale, transshipment or use is specifically approved by the Government of the United States of America).

2. The two Governments will take reasonable precautions to assure that sales or purchases of agricultural commodities pursuant to this Agreement will not displace usual marketing 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. The Government of the Republic of Korea will furnish, upon request of the Government of the United States of America, information on the progress of the

program, particularly with respect to arrival and condition of commodities, 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

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 in duplicate at Seoul, this 2nd day of March 1962.

For the Government
of the Republic of Korea :

Y. T. KIM
Chairman
Economic Planning Board
[SEAL]

For the Government
of the United States of America :

Samuel D. BERGER
American Ambassador

EXCHANGE OF NOTES

I

The American Ambassador to the Chairman, Korean Economic Planning Board

Seoul, March 2, 1962

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 the Republic of Korea signed today¹ and to confirm the following understanding.

With regard to the conversion of hwan into other currencies and to certain other matters relating to the use by the Government of the United States of America

¹ See p. 186 of this volume.

of hwan accruing under the subject Agreement, it is the understanding of the Government of the United States of America that :

1. Upon request of the Government of the United States of America, the Government of the Republic of Korea will provide facilities for the conversion of two percent of the hwan accruing from sales under this Agreement into other currencies for purposes of Section 104 (a) of the Agricultural Trade Development and Assistance Act, as amended. These currencies will be used to finance agricultural market development activities in other countries. In this connection, the Government of the United States of America may utilize hwan to procure in Korea goods and services needed in connection with agricultural market development projects and activities in other countries. The Government of the Republic of Korea will also provide facilities for the conversion of up to \$100,000 worth of hwan for use under Section 104 (h) of the Act in the purchase of air transportation for Korean and American participants in the International Educational Exchange Program.
2. The Government of the United States may utilize hwan in Korea to pay for international travel originating in Korea, or originating outside Korea when involving travel to or through Korea, including connecting travel, and for air travel within the United States or other areas outside Korea when it is part of a trip in which the traveler journeys from, to or through Korea. It is understood that these funds are intended to cover only travel by persons engaged in activities financed under Section 104 of the Act.

It is also understood that the sale of cotton under this Agreement is made on the condition that the Government of the Republic of Korea will import with its own resources from free world sources the equivalent weight of the raw cotton content of total cotton textiles exported during the period that cotton under this Agreement is being imported and utilized.

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

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

Samuel D. BERGER

His Excellency Kim Yu-taik
Chairman, Economic Planning Board
Republic of Korea
Seoul

II

The Chairman, Korean Economic Planning Board, to the American Ambassador

ECONOMIC PLANNING BOARD
REPUBLIC OF KOREA
SEOUL, KOREA

March 2, 1962

Excellency :

I have the honour to refer to your Excellency's note of today's date which reads as follows :

[See note I]

I have the honor to inform you that the contents of your note represent the understanding of the Government of the Republic of Korea.

I would request Your Excellency to accept the renewed assurances of my highest consideration.

Sincerely yours,

Y. T. KIM
Chairman

His Excellency Samuel D. Berger
Ambassador of the United States
Seoul