

No. 6377

**UNITED STATES OF AMERICA
and
PERU**

**Agricultural Commodities Agreement under Title IV of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Lima,
on 20 March 1962**

Official texts: English and Spanish.

Registered by the United States of America on 27 November 1962.

**ÉTATS-UNIS D'AMÉRIQUE
et
PÉROU**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre IV de la loi tendant à développer et à favoriser
le commerce agricole, telle qu'elle a été modifiée (avec
échange de notes). Signé à Lima, le 20 mars 1962**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 27 novembre 1962.

No. 6377. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF PERU
UNDER TITLE IV OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT LIMA, ON 20 MARCH 1962

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

Recognizing the desirability of expanding trade in agricultural commodities between their two countries in a manner which would utilize surplus agricultural commodities, including the products thereof, produced in the United States of America to assist economic development in Peru ;

Recognizing that such expanded trade should be carried on in a manner which would not displace cash marketings of the United States of America in those commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries ;

Recognizing further that by providing such commodities to Peru under long-term supply and credit arrangements, the resources and manpower of Peru can be utilized more effectively for economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for the domestic use ;

Desiring to set forth the understandings which will govern the sales, as specified below, of commodities to Peru pursuant to Title IV of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) ;

Have agreed as follows :

Article I

COMMODITY SALES PROVISIONS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Peru of credit 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 during the period January 1, 1962-December 31, 1962 the sale for United States dollars, to purchasers authorized by the Government of Peru, of the following :

¹ Came into force on 20 March 1962, upon signature, in accordance with Article V.

<i>Commodity</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value to be Financed</i>
Cottonseed and/or Soybean oil . . .	6,000	\$1,850,000
Ocean transportation		150,000
	TOTAL	<u>\$2,000,000</u>

The total amount of commodity financing provided in the credit purchase authorizations shall not exceed the above-specified maximum export market value of the commodity to be financed. It is understood that the Government of the United States of America will, as price declines or other marketing factors may require, limit the amount of financing provided in the credit purchase authorizations so that the quantities of commodities financed will not substantially exceed the above specified approximate maximum quantity.

2. Credit purchases authorizations will include provisions relating to the sale and delivery of such commodities and other relevant matters.

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

Article II

CREDIT PROVISIONS

1. The Government of Peru will pay or cause to be paid in United States dollars to the Government of the United States of America for the commodities specified in Article I and related ocean transportation (except excess ocean transportation costs resulting from the requirement that United States flag vessels be used), the amount financed by the Government of the United States of America together with interest thereon.

2. The principal amount due for commodities delivered in each calendar year under this Agreement, including the applicable ocean transportation costs related to such deliveries, shall be paid in 15 approximately equal annual payments. The first annual payment for commodities delivered in any calendar year shall become due on December 31, following the calendar year in which such deliveries were made. Subsequent annual payments shall become due at intervals of one year thereafter. Any annual payment may be made prior to the due date thereof.

3. Interest on the unpaid balance of the principal amount due the Government of the United States of America for commodities delivered in each calendar year shall be computed at the rate of four and one-eighth per centum per annum and shall

begin on the date of the last delivery of commodities in such calendar year. Interest on each such unpaid balance shall be paid annually not later than the date on which the annual payment of principal becomes due.

4. All payments shall be made in United States dollars and the Government of Peru shall deposit or cause to be deposited such payments in the United States Treasury unless another depository is agreed upon by the two Governments.

5. The two Governments will each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year.

6. For the purpose of determining the date of the last delivery of commodities for each calendar year, delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier.

Article III

GENERAL PROVISIONS

1. The Government of Peru will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic consumption of the commodities purchased pursuant to the provisions of this Agreement.

2. The two Governments will take reasonable precautions to assure that sales or purchases of commodities pursuant to the Agreement will not displace cash marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade of countries friendly to the United States of America.

3. In carrying out the provisions of this Agreement, the two Governments will seek to assure, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for commodities.

4. The Government of Peru will furnish, upon request of the Government of the United States of America, information on the progress of the program, including the arrival and condition of commodities, imports of commodities which may be required under this Agreement to be purchased from the United States of America or other countries friendly to the United States of America in addition to commodities financed under this Agreement, and any exports of the same or like commodities.

Article IV

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 entered into pursuant to this Agreement.

Article V

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 in duplicate at Lima this 20 day of March, 1962.

Luis ALVARADO G.

James LOEB Jr.

EXCHANGE OF NOTES

I

The American Ambassador to the Peruvian Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

Lima, March 20, 1962

No. 308

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 Peru signed today.¹

I wish to confirm my Government's understanding of the Agreement reached in conversations which have taken place between representatives of this Embassy and the Government of Peru on two aspects of the Agreement as follows :

1. In expressing its concurrence that the commodities delivered pursuant to the Agreement should not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries or displace cash marketings of the United States of America in these commodities, the Government of Peru agrees that, during the period that cottonseed and/or soybean oil is provided under the Agreement (January 1, 1962-December 31, 1962), Peru will import with its own resources from free world sources, including the United States of America, at least 25,000 metric tons of edible fats and oils in addition to the vegetable oils provided for in this Agreement.

2. It is my Government's further understanding that the soles resulting from the sale of commodities financed under the Agreement will be used by the Government of Peru for such economic and social development programs contemplated in the Act of Bogotá as may be agreed upon by both Governments.

I shall appreciate receiving your confirmation of the above understanding.

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

James LOEB, Jr.

His Excellency Dr. Luis Alvarado Garrido
Minister of Foreign Affairs
Lima

¹ See p. 62 of this volume.

[TRANSLATION¹ — TRADUCTION²]

MINISTRY FOR FOREIGN AFFAIRS

Lima, March 20, 1962

No. (H) : 6-3/20

Mr. Ambassador :

I have the honor to refer to Your Excellency's note No. 308, of March 20, concerning the Agricultural Commodities Agreement concluded between our two Governments on the same date and to confirm to you that the Government of Peru agrees to the interpretation of the aspects mentioned in Points 1 and 2 of the aforesaid note, namely :

(1) That the commodities purchased pursuant to the Agreement should not disrupt world prices of agricultural commodities or normal patterns of trade with friendly countries or displace cash sales originating in the United States of America. At the same time, I inform Your Excellency that Peru, through trade in general, will continue to import with its own resources from free world countries, including the United States of America, during the period from January 1 to December 31, 1962, the number of metric tons of edible fats and oils indicated in Point 1 of the above-mentioned note, in addition to the vegetable oils provided for in the aforesaid Agreement.

(2) My Government is happy to state that the soles resulting from the sale of commodities financed under the Agreement will be used in such economic and social development programs contemplated in the Act of Bogotá as may be duly agreed upon by both Governments for the purpose of improving the standards of living of the Peruvian people.

Your Excellency's note and this reply shall constitute an agreement between our two countries.

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

Luis ALVARADO G.

His Excellency James Loeb, Jr.
Ambassador Extraordinary and Plenipotentiary
of the United States of America
City

¹ Translation by the Government of the United States of America.

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