

No. 6919

**UNITED STATES OF AMERICA
and
ECUADOR**

**Agricultural Commodities Agreement under Title IV of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes). Signed at Quito, on
5 April 1963**

Official texts: English and Spanish.

Registered by the United States of America on 18 September 1963.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉQUATEUR**

**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 Quito, le 5 avril 1963**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 18 septembre 1963.

No. 6919. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
ECUADOR UNDER TITLE IV OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT QUITO, ON 5 APRIL 1963

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

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 Ecuador;

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 Ecuador under long-term supply and credit arrangements, the resources and manpower of Ecuador can be utilized more effectively for economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use;

Desiring to set forth the understandings which will govern the sales, as specified below, of commodities to Ecuador 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 Ecuador 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

¹ Came into force on 5 April 1963, upon signature, in accordance with article V.

the periods specified in the following table, or such longer period as may be authorized by the Government of the United States of America, sales for United States dollars, to purchasers authorized by the Government of Ecuador of the following commodities :

<i>Commodity</i>	<i>Supply period</i>	<i>Approx. max. quantity</i>	<i>Maximum export market value to be financed</i>
Wheat	Fiscal year 1963	15,000 MT	\$1,052,000
Soybean and/or Cot- tonseed oil	CY 1963	2,250 MT	600,000
Tobacco products . .	CY 1963	440 MT	1,000,000
Inedible tallow . . .	CY 1963	3,700 MT	600,000
Leaf Tobacco	CY 1963	115 MT	200,000
Ocean transportation (est.)			328,000
		TOTAL	<u>\$3,780,000</u>

The total amount of financing provided in the credit purchase authorizations shall not exceed the above-specified export market value to be financed, except that additional financing for ocean transportation will be provided if the estimated amount for financing shipments required to be made on United States flag vessels proves to be insufficient. 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 quantities.

2. Credit purchase 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 Ecuador 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.

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 19 approximately equal annual payments, the first of which shall become due two years after the date of last delivery of commodities in such calendar year. 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 $\frac{3}{4}$ of 1 per cent per annum and shall begin on the date of the last delivery of commodities in such calendar year. Interest on the amount due with respect to deliveries in each calendar year which accrues for the semiannual periods ending respectively 6 months, 12 months and 18 months after the date of the last delivery of commodities in such calendar year shall be paid not later than the ending dates of such respective semiannual periods. Interest for the 6-month period ending on the first annual principal payment date shall be paid not later than such principal payment date. Thereafter, the interest on the unpaid balance shall be paid annually not later than the date on which annual payment of principal becomes due.

4. All payments shall be made in United States dollars and the Government of Ecuador 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 Ecuador will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic consumption of the agricultural commodities purchased pursuant to this Agreement; to prevent the export of any commodity of either domestic or foreign origin which is the same as or like the commodities purchased pursuant to this Agreement during the period beginning on the date of this Agreement and ending on the final date on which said commodities are being received and utilized

(except where such export is specifically approved by the Government of the United States of America); and to ensure that the purchase of commodities pursuant to this Agreement 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 sales or purchases of commodities pursuant to this 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 Ecuador 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 Quito, Ecuador, this fifth day of April, 1963.

For the Government
of the United States of America :
Maurice M. BERNBAUM

For the Government
of Ecuador :
José SALAZAR B.

EXCHANGE OF NOTES

I

The American Ambassador to the Ecuadorean Minister of Foreign Affairs

Quito, April 5, 1963

No. 587

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 Ecuador signed today.¹

I wish to confirm my Government's understanding of the Agreement reached in conversations which have taken place between representatives of our two Governments with respect to the use by the Government of Ecuador of sucres resulting from the sale of commodities financed under the Agreement. It is understood that these sucres will be used for economic and social development programs consistent with the purposes and objectives of the Act of Bogotá² and the Charter of Punta del Este³ as may be agreed to by the two Governments.

It is my Government's further understanding that in agreeing that the delivery of commodities pursuant to the above cited Agreement should not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries, the Government of Ecuador agrees that Ecuador will, in addition to the commodities to be programmed under this Agreement, import from free world sources, including the United States of America during the United States fiscal year ending June 30, 1963, at least 44,000 metric tons of wheat, wheat flour, and/or bulgur wheat in wheat equivalent; and during the calendar year ending December 31, 1963 at least 5,000 metric tons of inedible tallow; 6,000 metric tons of edible vegetable oils of which at least 2,000 metric tons shall be from the United States of America; and 975,000 pounds of tobacco and/or tobacco products. It is also my Government's understanding that, in the event financing of commodities under the Agreement is authorized for longer periods than those specified in the commodity table appearing in Article I of the Agreement, the Government of Ecuador agrees that Ecuador will import during each subsequent fiscal or calendar year, as the case may be, not less than the quantities specified for fiscal and calendar year 1963.

¹ See p. 136 of this volume.

² United States of America : *Department of State Bulletin*, 3 October 1960, p. 537.

³ United States of America : *Department of State Bulletin*, 11 September 1961, p. 462.

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

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

Maurice M. BERNBAUM

His Excellency Dr. Benjamín Peralta Páez
Minister of Foreign Affairs
Quito

II

The Ecuadorean Minister of Foreign Affairs to the American Ambassador

[SPANISH TEXT — TEXTE ESPAGNOL]

REPÚBLICA DEL ECUADOR
MINISTERIO DE RELACIONES EXTERIORES

Quito, a 5 de Abril de 1963

Nº 41-DAO-T

Señor Embajador :

Tengo a honra avisar recibo de la atenta nota de Vuestra Excelencia número 587, de esta misma fecha, concerniente al Acuerdo sobre Productos Agrícolas entre los Gobiernos del Ecuador y de los Estados Unidos de América, concebida en los siguientes términos :

« Excelencia :

Tengo a honra referirme al Acuerdo sobre Productos Agrícolas entre el Gobierno de los Estados Unidos de América y el Gobierno del Ecuador, firmado hoy.

Deseo confirmar el entendimiento de mi Gobierno del Acuerdo alcanzado en conversaciones celebradas entre los representantes de nuestros dos Gobiernos, con respecto al empleo, por el Gobierno del Ecuador, de los sucrés resultantes de la venta de productos financiados bajo el Acuerdo. Se entiende que estos sucrés serán utilizados en programas de desarrollo económico y social, conforme a los propósitos y objetivos del Acta de Bogotá y la Carta de Punta del Este, según puedan convenir los dos Gobiernos.

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF ECUADOR
MINISTRY OF FOREIGN AFFAIRS

Quito, April 5, 1963

Nº. 41-DAO-T

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's note No. 587 of this date concerning the Agricultural Commodities Agreement between the Governments of Ecuador and the United States of America, which reads as follows :

[*See note I*]

I am happy to inform Your Excellency that my Government accepts the terms of agreement proposed by the Government of the United States of America in the note transcribed above. Consequently, Your Excellency's note and this note in reply constitute formal agreement between our two Governments, effective on this date.

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

Benjamín PERALTA PÁEZ
Minister of Foreign Affairs

His Excellency Maurice Bernbaum
Ambassador 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.