

No. 6538

**UNITED STATES OF AMERICA
and
CEYLON**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at
Colombo, on 19 July 1962**

Official text: English.

Registered by the United States of America on 20 February 1963.

**ÉTATS-UNIS D'AMÉRIQUE
et
CEYLAN**

**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 Colombo, le 19 juillet 1962**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 20 février 1963.

No. 6538. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF CEYLON
UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT COLOMBO, ON 19 JULY 1962

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

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

Considering that the rupees 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 Ceylon 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 RUPEES

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Ceylon 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 sales for rupees, to purchasers authorized by the Government of Ceylon, of the following agricultural commodities in the amounts indicated :

¹ Came into force on 19 July 1962, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat flour	\$3.9
Ocean Transportation (estimated)	<u>.8</u>
TOTAL	\$4.7

2. Applications for purchase authorizations will be made within ninety (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 ninety (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 deposits of the rupees accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within eighteen (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 RUPEES

The rupees 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), (f) and (h) through (s) of Section 104 of the Act, or under any of such subsections, twenty-five percent of the rupees accruing pursuant to this Agreement.
- B. 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 Ceylon incident thereto, fifteen percent of the rupees accruing pursuant to this 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 Ceylon for business development and trade expansion in Ceylon, and to United States firms

and Ceylon 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 Agency for International Development of Washington and the Government of Ceylon, acting through the Central Bank of Ceylon. The Administrator of the Agency for International Development of Washington, or his designate, will act for the Agency for International Development, and the Governor of the Central Bank of Ceylon, or his designate, will act for the Government of Ceylon.

(3) Upon receipt of an application which the Agency for International Development is prepared to consider, the Agency for International Development will inform the Central Bank of Ceylon 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 Agency for International Development is prepared to act favorably upon an application, it will so notify the Central Bank of Ceylon 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 Ceylon on comparable loans, and the maturities will be consistent with the purposes of the financing.

(5) Within sixty (60) days after the receipt of the notice that the Agency for International Development is prepared to act favorably upon an application, the Central Bank of Ceylon will indicate to the Agency for International Development whether or not the Central Bank of Ceylon has any objection to the proposed loan. Unless within the sixty (60) day period the Agency for International Development has received such a communication from the Central Bank of Ceylon, it shall be understood that the Central Bank of Ceylon has no objection to the proposed loan. When the Agency for International Development approves or declines the proposed loan, it will notify the Central Bank of Ceylon.

(6) In the event the rupees 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 Central Bank of Ceylon, the Government of the United States of America may use the rupees for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Ceylon under Section 104 (g) of the Act for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Ceylon, as may be mutually agreed, forty percent of the rupees accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a sepa-

rate loan agreement. In the event that agreement is not reached on the use of rupees for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the rupees for any purposes authorized by Section 104 of the Act.

- D. For a grant to the Government of Ceylon under subsection 104 (*e*) of the Act, twenty percent of the rupees accruing pursuant to this Agreement for financing such projects to promote economic development as may be mutually agreed upon.

Article III

DEPOSIT OF RUPEES

1. The amount of rupees 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 rupees 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 Ceylon, 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 Ceylon.

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 rupees 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 Ceylon 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 agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the pur-

chase 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 agricultural commodities pursuant to this 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. Upon request of the Government of the United States of America, the Government of Ceylon will furnish 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 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 Colombo in duplicate this nineteenth day of July, 1962.

For the Government
of the United States of America :

FRANCES E. WILLIS

For the Government
of Ceylon :

T. B. ILANGARATNE

EXCHANGE OF NOTES

I

EMBASSY OF THE UNITED STATES OF AMERICA

No. 1

Colombo, July 19, 1962

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today¹ by representatives of our two Governments, under which the United States of America undertakes to finance the delivery to Ceylon of \$4.7 million worth of wheat flour, and to inform you of the following :

(1) In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities, or impair trade relations among friendly nations, the Government of Ceylon agrees that imports of wheat flour under this Agreement shall be over and above usual commercial imports from the United States and countries friendly to it of at least 150,000 metric tons during calendar year 1962, including any quantities Ceylon has agreed to import from Australia.

(2) For purposes of Section 104 (a) of the Agricultural Trade Development and Assistance Act, as amended, the Government of Ceylon will provide, upon request of the Government of the United States of America, facilities for the conversion into non-dollar currencies, of two percent (2%) of the rupees accruing under the subject Agreement. Currencies obtained through these provisions will be utilized for financing agricultural market development activities in other countries.

(3) The Government of the United States of America may utilize rupees to pay for international travel originating outside of Ceylon when involving travel to or through Ceylon, including connecting travel, and air travel within the United States or other areas outside Ceylon when it is part of a trip in which the traveler journeys from, to or through Ceylon. It is understood that these funds are intended to cover only travel by persons engaged in activities financed under Section 104 of the Agricultural Trade Development and Assistance Act, as amended. It is further understood that this travel is not limited to services provided by Ceylon's airlines.

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

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

Frances E. WILLIS

His Excellency T. B. Ilangaratne
Minister of Commerce, Trade, Food and Shipping
Colombo

¹ See p. 32 of this volume.

II

Colombo, July 19, 1962

Excellency :

I have the honour to acknowledge receipt of your letter of the 19th July, 1962, which reads as follows :

[*See note I*]

I confirm that your letter correctly sets out the understanding reached between the representatives of our two Governments.

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

T. B. ILANGARATNE

Her Excellency Frances E. Willis
Ambassador Extraordinary and Plenipotentiary
for the United States of America
Colombo
