

No. 7220

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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 agreed minutes and exchange of  
notes). Signed at Rio de Janeiro, on 11 September  
1963**

*Official texts: English and Portuguese.*

*Registered by the United States of America on 22 April 1964.*

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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 procès-verbal approuvé et échange de notes).  
Signé à Rio de Janeiro, le 11 septembre 1963**

*Textes officiels anglais et portugais.*

*Enregistré par les États-Unis d'Amérique le 22 avril 1964.*

No. 7220. 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 AGRICULTURAL TRADE DEVELOPMENT AND  
ASSISTANCE ACT, AS AMENDED. SIGNED AT RIO DE  
JANEIRO, ON 11 SEPTEMBER 1963

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

Considering that the purchase for cruzeiros of 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 agricultural commodities to Brazil 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 CRUZEIROS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Brazil 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 cruzeiros to purchasers authorized by the Government of Brazil of the following agricultural commodities in the amounts indicated :

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<sup>1</sup> Came into force on 11 September 1963, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value</i>
Wheat, including flour . . . . .	\$82.7 million
Ocean transportation (estimated) . . . . .	\$11.7 million
	\$94.4 million

2. Applications for purchase authorizations for \$20.0 million wheat and certain ocean transportation costs will be made within 90 days after the effective date of this Agreement.

3. The amount for Calendar Year 1964 will be determined on the basis of an annual review to be made by the two Governments prior to the beginning of the calendar year. The review shall take into account the United States stock position of each commodity, usual marketings, changes in Brazil's production, consumption, stocks, imports and exports of these and related commodities, storage facilities and other matters. Applications for purchase authorizations for the Calendar Year 1964 will be within 90 days from the date of conclusion of such annual review.

4. Applications for purchase authorization 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.

5. 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 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 proportion shown :

- a) For United States expenditures under subsection (a), (b), (c), (f), and (h) through (s) of Section 104 of the Act, or under any of such subsections twenty (20) per cent of the cruzeiros deposited pursuant to Article III below.
- b) For grants to the Government of Brazil under Section 104 (e) of the Act for financing such economic development projects, primarily in the Northeast

of Brazil, as may from time to time be mutually agreed, twenty (20) per cent of the cruzeiros accruing pursuant to this Agreement.

- c) For loans to the Government of Brazil through the “ Banco Nacional do Desenvolvimento Econômico ”, the “ Superintendência do Desenvolvimento do Nordeste ”, or such other entities as may be mutually agreed, to assist in financing economic or social development projects or purposes under procedures to be agreed upon by the two Governments in one or more separate credit agreements sixty (60) per cent of the cruzeiros accruing pursuant to this agreement. A portion of the cruzeiros set aside under this subsection equivalent to not less than ten (10) per cent of the total cruzeiros accruing pursuant to this Agreement shall be reserved for relending by the Government of Brazil to private enterprise under procedures to be agreed on by the two Governments.
- 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 (b) and (c) above in the event that they are not disbursed from the “ special account ” of the Government of the United States of America in the Banco do Brazil, referred to in paragraph 2 of Article III below, within four (4) years from the date of this Agreement.

### *Article III*

#### DEPOSIT OF CRUZEIROS

1. The amount of cruzeiros to be deposited to the account 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 cruzeiros as follows :

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

2. 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 Banco do Brasil.

The cruzeiros constituting the twenty (20) per cent specified in Article II (a) may, at the option of the Government of the United States of America, be withdrawn at any time from the special account in the Banco do Brasil.

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 three 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 of the agricultural commodities purchased pursuant to this Agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America); 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 with the final date on which such commodities are 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 the same 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. The Government of Brazil will furnish, upon request of the Government of the United States of America, 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 the request of either of them, consult regarding any matter relating to the application of this Agreement or to the operation or 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 11th day of September, 1963.

For the Government  
of the United States of America :

Lincoln GORDON

For the Government  
of Brazil :

João Augusto DE ARAUJO CASTRO

AGREED OFFICIAL MINUTES WITH REFERENCE TO THE AGRICULTURAL COMMODITIES AGREEMENT SIGNED SEPTEMBER 11, 1963<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF BRAZIL UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED

Pursuant to discussions held by representatives of the Government of the United States of America and the Government of the United States of Brazil during the negotiation of the above-mentioned Agreement, it is understood that :

1. With reference to Article I (1) of the Agreement, if the financing provided for in the Agreement should be insufficient to finance 1.3 million metric tons of wheat, enough additional financing will be added by amendment of the Agreement to cover that quantity.

2. There will be made on or about July 1, 1964 at the request of either Government a further review of the type and scope provided for in Article I, (3) of the Agreement.

<sup>1</sup> See p. 268 of this volume.

3. Recognizing that the Government of Brazil may require additional quantities of such commodities in 1965 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 agricultural commodities under Title I of the Act, to the extent 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.

4. With reference to the notes exchanged today on the rate of exchange to be applicable to deposits under the Agreement, the Government of the United States of America reserves the right to suspend deliveries under the Agreement whenever a change in the exchange system takes place.

5. With reference to the cruzeiros to be deposited in the Bank of Brazil pursuant to Article III of the Agreement, the Government of the United States of America may, until the time such funds are withdrawn from the account in the Bank of Brazil pursuant to the terms of the Agreement, manage all of such funds in the same manner as other private commercial depositors having accounts of similar size and nature in the Bank of Brazil and may maintain such funds in its discretion in any of the various types of accounts generally made available to such depositors by the Bank of Brazil. The Government of the United States of America shall receive the same rate of interest on such funds as is paid such private commercial depositors by the Bank of Brazil. Such interest shall accrue from the time a deposit is due as prescribed in the applicable procurement authorization. Such interest payments may be withdrawn from the Bank of Brazil at any time at the option of the Government of the United States of America.

Rio de Janeiro, this eleventh day of September of the year nineteen hundred and sixty-three.

For the Government of the United States of America :  
Lincoln GORDON

For the Government of the United States of Brazil :  
João Augusto DE ARAUJO CASTRO

## EXCHANGE OF NOTES

## I

No. 234

Rio de Janeiro, September 11, 1963

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 today.<sup>1</sup>

I wish to confirm my Government's understanding that imports of wheat under Title I of the Act shall be over and above usual commercial imports from free world sources, including the United States of America, of a minimum of one million (1,000,000) metric tons of wheat each year for calendar year 1963 and calendar year 1964.

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

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

Lincoln GORDON

His Excellency Ambassador João Augusto de Araujo Castro  
Minister of Foreign Affairs  
Republic of the United States of Brazil  
Rio de Janeiro

## II

[PORTUGUESE TEXT — TEXTE PORTUGAIS]

MINISTERIO DAS RELAÇÕES EXTERIORES

DPB/DAS/DAI/197/811.(22)(00)

Em 11 de setembro de 1963

Senhor Embaixador,

Tenho a honra de acusar o recebimento da nota de Vossa Excelência, de nº 234, datada de hoje, dos seguinte teor :

« Tenho a honra de referir-me ao Acôrdo sôbre Produtos Agrícolas hoje assinado, entre o Govêrno dos Estados Unidos da América e o Govêrno do Brasil.

« Desejo confirmar o entendimento do meu Govêrno no sentido de que as importações de trigo, na conformidade do Título I da Lei, devem ser

<sup>1</sup> See p. 268 of this volume.



efetuadas sem prejuízo das importações comerciais normais provenientes de fontes supridoras do mundo livre, inclusive os Estados Unidos da América, de, no mínimo, um milhão (1.000.000) de toneladas métricas de trigo, em cada um dos anos calendários de 1963 e 1964.

« Muito agradeceria a Vossa Excelência confirmar-me o entendimento acima referido. »

2. Em resposta, informo Vossa Excelência de que o Govêrno brasileiro concorda com o que acima precede.

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

João Augusto DE ARAUJO CASTRO

A Sua Excelência o Senhor Lincoln Gordon  
Embaixador dos Estados Unidos da América

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

MINISTRY OF FOREIGN AFFAIRS

DPB/DAS/DAI/197/811.(22)(00)

September 11, 1963

Mr. Ambassador :

I have the honor to acknowledge the receipt of Your Excellency's note No. 234 of this date, which reads as follows :

[See note I]

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

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

João Augusto DE ARAUJO CASTRO

His Excellency Lincoln Gordon  
Ambassador of the United States of America

<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

## III

No. 235

Rio de Janeiro, September 11, 1963

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 today and to confirm my Government's understanding of the following agreement reached between representatives of our two Governments with respect to the second sentence of sub-paragraph (c) of Article II of that agreement which reserves a portion of the cruzeiros set aside for loans to the Government of Brazil for relending to private enterprises.

1. Not less than one-half of the cruzeiros available to the Government of Brazil for relending to private enterprise shall be reloaned to United States nationals in accordance with procedures to be agreed upon by the Agency for International Development and the Government of Brazil or its authorized agent.
2. If legislation is enacted in Brazil which prohibits the Government of Brazil or any of its entities from lending cruzeiros to United States nationals, that portion of the cruzeiros set aside for relending under such Article II (c) shall be retransferred to the Government of the United States of America for use by the Agency for International Development for lending to private investors in Brazil under the provisions of subsection 104(e) of the Agricultural Trade Development and Assistance Act, as amended.

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

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

Lincoln GORDON

His Excellency Ambassador João Augusto de Araujo Castro  
Minister of Foreign Affairs  
Republic of the United States of Brazil  
Rio de Janeiro

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

MINISTRY OF FOREIGN AFFAIRS

DPB/DAS/DAI/198/811.(22)(00)

September 11, 1963

Mr. Ambassador :

I have the honor to acknowledge the receipt of Your Excellency's note No. 235 of this date, which reads as follows :

[See note III]

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

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

João Augusto DE ARAUJO CASTRO

His Excellency Lincoln Gordon  
Ambassador of the United States of America

V

No. 236

Rio de Janeiro, September 11, 1963

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 today and to state that the understanding of my Government regarding the conversion of cruzeiros into other currencies and certain other matters relating to the use of cruzeiros accruing under the Agreement by the Government of the United States of America is as follows :

With regard to the conversion of cruzeiros into other currencies and to certain other matters relating to the use of cruzeiros accruing under the subject Agreement by the Government of the United States of America :

- (1) Upon request of the Government of the United States of America, the Government of Brazil will provide facilities for conversion of two percent of the cruzeiros accruing from sales under this Agreement into other currencies for financing agricultural market development activities in other countries under Section 104 (a) of the Act and, in addition, for the conversion of the cruzeiro equivalent of up to 2,000,000 dollars into other non-dollar currencies for financing international educational exchange activities under Section 104 (h) of the Act.

<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

- (2) The Government of the United States of America may utilize cruzeiros in Brazil to pay for international travel originating in Brazil, or originating outside Brazil when the travel, including connecting travel, is to or through Brazil, and for air travel within the United States of America or other areas outside Brazil when the travel is part of a trip in which the traveler travels from, to or through Brazil. It is understood that these funds are intended to cover only travel by persons who are traveling on official business for the Government of the United States of America or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which cruzeiros may be utilized shall not be limited to services provided by Brazilian transportation facilities.

I shall appreciate receiving Your Excellency's confirmation that the foregoing also represents the understanding of the Government of Brazil.

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

Lincoln GORDON

His Excellency Ambassador João Augusto de Araujo Castro  
Minister of Foreign Affairs  
Republic of the United States of Brazil  
Rio de Janeiro

## VI

[PORTUGUESE TEXT — TEXTE PORTUGAIS]

MINISTERIO DAS RELAÇÕES EXTERIORES

DPB/DAS/DAI/200/811.(22)(00)

Em 11 de setembro 1963

Senhor Embaixador,

Tenho a honra de acusar o recebimento da nota de Vossa Excelência, de nº 236, datada de hoje, do seguinte teor :

« Tenho a honra de referir-me ao Acôrdo sôbre Produtos Agrícolas, assinado hoje entre o Govêrno dos Estados Unidos da América e o Govêrno do Brasil e informar que o entendimento do meu Govêrno com relação â conversão de cruzeiros em outras moedas e a certos outros assuntos relativos â utilização dos cruzeiros, gerados em decorrência do aludido Acôrdo, pelo Govêrno dos Estados Unidos da América, é o seguinte :

« Com relação â conversão de cruzeiros em outras moedas e a certos outros assuntos relativos â utilização dos cruzeiros gerados em decorrência do aludido Acôrdo, pelo Govêrno dos Estados Unidos da América :

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

MINISTRY OF FOREIGN AFFAIRS

DPB/DAS/DAI/200/811.(22)(00)

September 11, 1963

Mr. Ambassador :

I have the honor to acknowledge the receipt of Your Excellency's note No. 236 of this date, which reads as follows :

[See note V]

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

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

João Augusto DE ARAUJO CASTRO

His Excellency Lincoln Gordon  
Ambassador of the United States of America

## VII

No. 237

Rio de Janeiro, September 11, 1963

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 today, and in particular to Article III of that Agreement concerning the rate of exchange applicable to deposits of cruzeiros equivalent to (1) the dollar sales value of commodities to be purchased under the Agreement and (2) the ocean transportation costs financed by the Government of the United States of America.

On the basis of understandings reached in conversations between representatives of our two Governments, and taking into account Note No. DPB/DAS/196/811.(22)(00) of the Ministry of Foreign Affairs dated September 10, 1963,<sup>3</sup> it is the understanding of the Government of the United States of America that, pursuant to the provisions of Article III, deposits of cruzeiros under this Article will be made at the weighted average free (*livre*) market selling rate of the cruzeiro as quoted on the Stock Exchange at Rio de Janeiro on the date of dollar disbursements. In the event of a change in the exchange system of Brazil before the dollar disbursements referred to in Article

<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

<sup>3</sup> Not printed by the Department of State of the United States of America.

III are completed, a new rate of exchange for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

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

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

Lincoln GORDON

His Excellency Ambassador João Augusto de Araujo Castro  
Minister of Foreign Affairs  
Republic of the United States of Brazil  
Rio de Janeiro

### VIII

[PORTUGUESE TEXT — TEXTE PORTUGAIS]

MINISTERIO DAS RELAÇÕES EXTERIORES

DPB/DAS/DAI/199/811.(22)(00)

Em 11 de setembro de 1963

Senhor Embaixador,

Tenho a honra de acusar o recebimento da nota de Vossa Excelência, de nº 237, datada de hoje, do seguinte teor :

« Tenho a honra de referir-me ao Acôrdo sôbre Produtos Agrícolas, hoje assinado entre o Govêrno dos Estados Unidos da América e o Govêrno do Brasil, e, em particular ao Artigo III dêsse Acôrdo, relativo â taxa de câmbio aplicável aos depósitos em cruzeiros equivalentes (1) ao valor das vendas em dólares dos produtos a serem comprados nos têrmos do Acôrdo, e (2) ao custo do transporte aceânico, financiado pelo Govêrno dos Estados Unidos da América.

« À base do entendimento a que chegaram as conversações havidas entre representantes dos nossos dois Governos, bem como dos têrmos da Nota do Ministério das Relações Exteriores, de nº 196, datada de 10 de setembro de 1963, é a compreensão do Govêrno dos Estados Unidos da América que, de conformidade com o Artigo III, os depósitos em cruzeiros, efetuados de acôrdo com o Artigo citado, serão feitos â média ponderada da taxa de venda do cruzeiro no mercado livre de câmbio, como aferida pela Bôlsa de Valores do Rio de Janeiro na data dos desembolsos em dólar. Na eventualidade de uma modificação no sistema cambial brasileiro, antes que tenham sido efetuados os desembolsos em dólar referidos no Artigo III, a nova taxa de câmbio para depósitos efetuados na conformidade do Artigo III e aplicável a partir da data desta modificação, será determinada por acôrdo mútuo.

« Muito agradeceria a Vossa Excelência confirmar-me o entendimento acima referido. »

2. Em resposta, informo Vossa Excelência de que o Governo brasileiro concorda com o que acima precede.

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

João Augusto DE ARAUJO CASTRO

A Sua Excelência o Senhor Lincoln Gordon  
Embaixador dos Estados Unidos da América

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

MINISTRY OF FOREIGN AFFAIRS

DPB/DAS/DAI/199/811.(22)(00)

September 11, 1963

Mr. Ambassador :

I have the honor to acknowledge the receipt of Your Excellency's note No. 237 of this date, which reads as follows :

[*See note VII*]

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

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

João Augusto DE ARAUJO CASTRO

His Excellency Lincoln Gordon  
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.