

No. 7366

**UNITED STATES OF AMERICA
and
PARAGUAY**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Asun-
ción, on 14 November 1963**

Official texts: English and Spanish.

Registered by the United States of America on 10 August 1964

**ÉTATS-UNIS D'AMÉRIQUE
et
PARAGUAY**

**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 Asunción, le 14 novembre
1963**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 10 août 1964.

No. 7366. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF PARAGUAY AND
THE GOVERNMENT OF THE UNITED STATES OF AMER-
ICA UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT ASUNCIÓN, ON 14 NOVEMBER 1963

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

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

Considering that the Paraguayan guaranies 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 Paraguay 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 PARAGUAYAN GUARANIES

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Paraguay 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 Paraguayan guaranies, to purchasers authorized by the Government of Paraguay, of the following agricultural commodities in the amounts indicated :

¹ Came into force on 14 November 1963, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value</i>
Wheat, including flour	\$1,500,000
Ocean transportation	200,000
	TOTAL \$1,700,000

2. Applications for purchase authorizations will be made within 90 days after 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 Paraguayan guaranies accruing from such sales, and other relevant matters.

3. 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 PARAGUAYAN GUARANIES

The Paraguayan guaranies 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), (c), (d), (f) and (h) through (s) of Section 104 of the Act, or under any of such subsections, 35 percent of the Paraguayan guaranies accruing pursuant to this Agreement.

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as A.I.D.) under Section 104 (e) of the Act and for administrative expenses of A.I.D. in Paraguay incident thereto, 15 percent of the Paraguayan guaranies 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 Paraguay for business development and trade expansion in Paraguay and to United States firms and Paraguayan 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 A.I.D. and the Government of Paraguay. The President of the Central Bank of Paraguay, or his designate, will act for the Government of Paraguay, and the Administrator of A.I.D., or his designate, will act for A.I.D.

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

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

(6) In the event Paraguayan guaranies set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this Agreement because A.I.D. has not approved loans or because proposed loans have not been mutually agreeable to A.I.D. and the Central Bank of Paraguay, the Government of the United States of America may use the Paraguayan guaranies for any purpose authorized by Section 104 of the Act.

C. For a grant to the Government of Paraguay under Section 104 (e) of the Act, twenty percent of the guaranies accruing under the Agreement for financing such projects to promote balanced economic development as may be mutually agreed.

D. For a loan to the Government of Paraguay 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 Paraguay, as may be mutually agreed, thirty percent of the Paraguayan guaranies accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the Paraguayan guaranies for loan purposes within three years from the date of this

Agreement, the Government of the United States of America may use the guaranies for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF PARAGUAYAN GUARANIES

1. The amount of Paraguayan guaranies 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 Paraguayan guaranies, 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 Paraguay, or
- (b) if more than one legal rate for foreign exchange transactions exist, at a rate of exchange to be mutually agreed upon from time to time between the Government of Paraguay and the Government of the United States of America.

2. In the event that any subsequent agricultural commodities agreement or agreements should be signed by the two governments under the Act, any refunds of Paraguayan guaranies 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 Paraguay 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 Paraguay 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 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

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 at Asunción in duplicate, in the English and Spanish languages, both equally authentic, this fourteenth day of November, 1963.

For the Government
of Paraguay :

Raúl SAPENA PASTOR
Minister of Foreign Relations

[SEAL]

For the Government
of the United States of America :

William P. SNOW
Ambassador

[SEAL]

EXCHANGE OF NOTES — ÉCHANGE DE NOTES

I

The American Ambassador to the Paraguayan Minister of Foreign Affairs

Asunción, November 14, 1963

No. 222

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today by the representatives of our two Governments and to confirm my Government's understanding of the agreement reached with respect to the use of the guaranies accruing under the subject Agreement.

For the purposes of Section 104 (a) of the Act, the Government of Paraguay will provide, upon request of the Government of the United States of America, facilities for conversion into other non-dollar currencies of \$34,000 or two percent of the Paraguayan guaranies accruing under the agreement, whichever is the greater. Currencies obtained through these provisions will be utilized to finance agricultural market development activities in other countries.

The Government of the United States may utilize Paraguayan guaranies in Paraguay to pay for international travel originating in Paraguay or originating outside Paraguay, and for travel within the United States of America or other areas outside Paraguay when the travel is part of a trip in which the traveler travels from, to or through Paraguay. 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 guaranies may be utilized shall not be limited to services provided by Paraguayan transportation facilities. I shall appreciate receiving your Excellency's confirmation of the above understandings.

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

William P. SNOW

His Excellency Dr. Raúl Sapena Pastor
Minister of Foreign Affairs of Paraguay
Asunción

Aprovecho la oportunidad para reiterar a Vuestra Excelencia las seguridades de mi consideración más distinguida.

Raúl SAPENA PASTOR

A Su Excelencia el señor don William P. Snow
Embajador Extraordinario y Plenipotenciario
de los Estados Unidos de América
Ciudad

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF PARAGUAY

Asunción, November 14, 1963

Mr. Ambassador :

I have the honor to address Your Excellency in order to acknowledge receipt of your note No. 222 of this date, the text of which reads as follows :

[See note I]

In reply I am happy to inform Your Excellency that my country's Government agrees to the terms of your note transcribed above and that, consequently, that note and this note shall constitute an agreement between our two Governments on the matter.

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

Raúl SAPENA PASTOR

His Excellency William P. Snow
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.