

No. 7431

**UNITED STATES OF AMERICA
and
PERU**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes). Signed at Lima,
on 13 February 1964**

Official texts: English and Spanish.

Registered by the United States of America on 30 September 1964.

**ÉTATS-UNIS D'AMÉRIQUE
et
PÉROU**

**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 Lima, le 13 février 1964**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 30 septembre 1964.

No. 7431. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF PERU UNDER
TITLE I OF THE AGRICULTURAL TRADE DEVELOP-
MENT AND ASSISTANCE ACT, AS AMENDED. SIGNED
AT LIMA, ON 13 FEBRUARY 1964

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

Considering that the Peruvian soles 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 Peru 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 the following :

Article I

SALES FOR PERUVIAN SOLES

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Peru of purchase authorizations and to the availability of the specified commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sales for Peruvian soles to purchasers authorized by the Government of Peru, of the following agricultural commodities in the amounts indicated :

¹ Came into force on 13 February 1964, upon signature, in accordance with article VI.

| <i>Commodity</i> | <i>Export Market Value (million)</i> |
|---------------------------------------|--|
| Edible vegetable oil | \$1.51 |
| Wheat/wheat flour | 2.47 |
| Rice | 3.30 |
| Bulgar | .48 |
| Ocean transportation (est.) | .93 |
| | <hr/> \$8.69 |

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 Peruvian soles accruing from such sale, 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 PERUVIAN SOLES

1. The Peruvian soles 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 per cent of the Peruvian soles accruing pursuant to this Agreement.

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as AID) under Section 104 (e) of the Act and for administrative expenses of AID in Peru incident thereto, 10 per cent of the Peruvian soles 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 Peru for business development and trade expansion in Peru and to United States firms and Peruvian

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 AID and the Government of Peru, acting through the Banco de Fomento Agropecuario. The President and/or General Manager of the Banco de Fomento Agropecuario, or his designate, will act for the Government of Peru, and the Administrator of AID, or his designate, will act for AID.
- (3) Upon receipt of an application which AID is prepared to consider, AID will inform the Banco de Fomento Agropecuario 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 AID is prepared to act favorably upon an application, it will so notify Banco de Fomento Agropecuario 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 Peru 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 AID is prepared to act favorably upon an application, Banco de Fomento Agropecuario will indicate to AID whether or not Banco de Fomento Agropecuario has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from Banco de Fomento Agropecuario, it shall be understood that Banco de Fomento Agropecuario has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify Banco de Fomento Agropecuario.
- (6) In the event the Peruvian soles set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this Agreement because AID has not approved loans or because proposed loans have not been mutually agreeable to AID and Banco de Fomento Agropecuario, the Government of the United States of America may use the Peruvian soles for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Peru under Section 104 (g) of the Act for a loan to the La Molina Nacional Agrarian University and other uses as are agreed to by both the Government of Peru and the Government of the United States, 55 per cent of the Peruvian soles 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 Peruvian soles for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the soles for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF PERUVIAN SOLES

1. The amount of Peruvian soles 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 Peruvian soles, 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 the present unitary system of exchange applying to all foreign exchange transactions is maintained by the Government of Peru, or
- (b) If the present unitary exchange system for foreign exchange transactions is modified, it will be necessary to fix at appropriate dates a rate of exchange agreed upon between the Government of Peru 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 Peruvian soles 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.

3. Any refunds of Peruvian soles which may be due or become due under any prior agricultural commodities agreement under the Act for which undisbursed funds are no longer available in the accounts of the United States Disbursing Officer in Peru will be made by the Government of the United States of America from funds available under this Agreement.

Article IV

GENERAL UNDERTAKINGS

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 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 Peru 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 Lima in duplicate this 13th day of February 1964.

For the Government of the United States of America :

J. Wesley JONES

[SEAL]

EXCHANGE OF NOTES

I

EMBASSY OF THE UNITED STATES OF AMERICA

Lima, February 13, 1964

No. 330

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today¹ 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 soles accruing under the subject agreement and with respect to usual marketings.

For the purposes of Section 104 (a) and 104 (h) of the Act, the Government of Peru will provide, upon request of the Government of the United States of America, facilities for conversion into other non-dollar currencies of the following amounts of Peruvian soles : For 104 (a) purposes, \$173,800 or two percent of the Peruvian soles accruing under the agreement, whichever is the greater, for 104 (h) purposes and for the purposes of the Mutual Exchange Act of 1961, up to \$135,000 worth of Peruvian soles. Currencies obtained through these provisions will be utilized in the case of Section 104 (a) to finance agricultural market development activities in other countries and in the case of 104 (h) to finance educational exchange programs and activities in other countries.

The Government of the United States may utilize Peruvian soles in Peru to pay for international travel originating in Peru or originating outside Peru when the travel (including connecting travel) is to or through Peru, and for travel within the United States of America and other areas outside Peru when the travel is part of a trip in which the traveler travels from, to or through Peru. 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 soles may be utilized shall not be limited to services provided by Peruvian transportation facilities.

I also wish to confirm my Government's understanding that imports of agricultural commodities under the subject agreement shall be over and above usual commercial imports from the United States and other free world sources during the July 1, 1963-June 30, 1964 fiscal year of a minimum of 6,000 metric tons of edible vegetable oil of which a minimum of 4,000 metric tons shall be from the United States ; 20,000 metric tons of rice of which a minimum of 10,000 metric tons shall be from the United States ; and 365,000 metric tons of wheat and/or wheat flour.

¹ See p. 120 of this volume.

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

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

J. Wesley JONES

His Excellency Dr. Fernando Schwalb López Aldana
Minister of Foreign Relations
Lima

II

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION¹ — TRADUCTION²]

MINISTERIO DE RELACIONES
EXTERIORES

Lima, 13 de febrero de 1964

Nº (H) 6-3/37

Excelencia :

Tengo a honra referirme al Acuerdo sobre Productos Agrícolas suscrito en la fecha entre el Gobierno del Perú y el Gobierno de los Estados Unidos de América y confirmar la interpretación de mi Gobierno del acuerdo a que se ha llegado sobre la utilización de los soles provenientes de dicho acuerdo y sobre ventas en los mercados de costumbre.

El Gobierno del Perú conviene en otorgar, a solicitud del Gobierno de los Estados Unidos de América, facilidades para la conversión a monedas distintas del dólar de las siguientes sumas en soles peruanos : para financiar actividades relacionadas con el desarrollo de mercados agrícolas en otros países, \$ 173,800 o el dos por ciento del monto en soles peru-

MINISTRY FOR FOREIGN RELATIONS

Lima, February 13, 1964

No. (H) 6-3/37

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement concluded today between the Government of Peru and the Government of the United States of America and to confirm my Government's understanding of the agreement reached with respect to the use of the soles accruing under the subject agreement and with respect to sales in the usual markets.

The Government of Peru agrees to provide, upon request of the Government of the United States of America, facilities for conversion into non-dollar currencies of the following amounts of Peruvian soles : to finance agricultural market development activities in other countries, \$173,800 or two percent of the sum in Peruvian soles accruing under the agree-

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

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

anos provenientes del acuerdo, cualquiera de las dos sumas que resulte mayor ; y para financiar programas de intercambio educativo en otros países y para los fines de la Ley de Intercambio Mutuo de 1961, hasta un monto de soles peruanos equivalentes a \$ 135.000. El Gobierno de los Estados Unidos de América podrá también utilizar soles peruanos en el Perú para el pago de viajes internacionales en la forma indicada en la Nota de Vuestra Excelencia de la fecha.

También deseo confirmar la interpretación de mi Gobierno de que las importaciones de productos agrícolas conforme al acuerdo citado serán además de las importaciones comerciales de costumbre procedentes de los Estados Unidos de América y otras fuentes del mundo libre durante el año fiscal comprendido entre el 1 de julio de 1963 y el 30 de junio de 1964 de un mínimo de 6.000 toneladas métricas de aceite comestible de las cuales un mínimo de 4.000 toneladas serán de los Estados Unidos de América ; 20.000 toneladas métricas de arroz de las cuales un mínimo de 10.000 toneladas serán de los Estados Unidos de América ; y 365.000 toneladas métricas de trigo y/o harina de trigo.

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

F. SCHWALB L. A.

Al Excelentísimo
Señor J. Wesley Jones
Embajador de los Estados Unidos
de América
Ciudad

ment, whichever of the two sums is the greater, and to finance education exchange programs in other countries and for the purposes of the Mutual Exchange Act of 1961, up to \$135,000 worth of Peruvian soles. The Government of the United States of America may also utilize Peruvian soles in Peru to pay for international travel in the manner indicated in Your Excellency's note of this date.

I also wish to confirm my Government's understanding that imports of agricultural commodities under the subject agreement shall be over and above the usual commercial imports from the United States of America and other free world sources during the July 1, 1963-June 30, 1964 fiscal year of a minimum of 6,000 metric tons of edible oil of which a minimum of 4,000 tons shall be from the United States of America ; 20,000 metric tons of rice of which a minimum of 10,000 tons shall be from the United States of America ; and 365,000 metric tons of wheat and/or wheat flour.

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

F. SCHWALB L. A.

His Excellency
J. Wesley Jones
Ambassador of the United States
of America
City

III

EMBASSY OF THE UNITED STATES OF AMERICA

Lima, February 13, 1964

No. 345

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 furnishing of information relative to the shipment of commodities under this agreement.

With regard to paragraph 4 Article IV of the agreement, the Government of Peru agrees to furnish quarterly the following information in connection with each shipment of commodities received under this Agricultural Commodities Agreement : The name of each vessel ; the date of arrival ; the port of arrival ; the commodity and quantity received ; the condition in which received ; date unloading was completed ; and the disposition of the cargo, i.e., stored, distributed locally or, if shipped, where shipped. In addition, the Government of Peru agrees to furnish quarterly : (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished, (b) assurances that the program will not result in increased availability of the same or like commodities to other nations and (c) a statement by the Government of Peru showing progress made toward fulfilling commitments on usual marketings accompanied by statistical data on imports and exports by country of origin or destination of commodities which are the same or like those imported under this agreement.

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

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

J. Wesley JONES

His Excellency Dr. Fernando Schwalb López Aldana
Minister of Foreign Relations
Lima

IV

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION¹ — TRADUCTION²]

MINISTERIO DE RELACIONES EXTERIORES

MINISTRY FOR FOREIGN RELATIONS

Lima, 13 de febrero de 1964

Lima, February 13, 1964

Nº (H) 6-3/38

No. (H) 6-3/38

Excelencia :

Excellency :

En respuesta a la atenta Nota de Vuestra Excelencia, Nº 345, del día de hoy, tengo a honra referirme al debido cumplimiento del párrafo (4), Artículo IV, del Acuerdo sobre Productos Agrícolas, suscrito en la fecha entre los Gobiernos del Perú y de los Estados Unidos de América.

In reply to Your Excellency's note No. 345 of this date, I have the honor to refer to the proper fulfillment of paragraph (4), Article IV, of the Agricultural Commodities Agreement concluded today between the Governments of Peru and the United States of America.

El Gobierno del Perú conviene en proporcionar las informaciones requeridas, es decir: nombre del vapor; fecha de llegada; puerto de entrada; producto y cantidad recibidos; condición en que ha llegado el producto; fecha en que terminó la descarga; y destino que se ha dado a la carga, es decir, si fué almacenada, distribuída en la localidad o, si fué embarcada, hacia qué punto se le embarcó.

The Government of Peru agrees to furnish the information requested, namely: name of the vessel; date of arrival; port of entry; commodity and quantity received; condition in which the commodity was received; date on which the unloading was completed; and disposition of the cargo, i.e., whether it was stored, distributed locally or, if it was shipped, where it was shipped.

Además el Gobierno del Perú conviene en proporcionar trimestralmente: a) una indicación sobre las medidas que ha tomado para evitar la reventa o trasbordo de los artículos suministrados; b) seguridades de que el programa no dará como resultado que otros países dispongan de mayor cantidad de los mismos productos o de artículos semejantes; y c) una indicación del progreso logrado en el cumplimiento de compromisos de ventas usuales de dichos productos, acompañada de

In addition, the Government of Peru agrees to furnish quarterly: (a) a statement of the measures it has taken to prevent the resale or transshipment of the commodities furnished; (b) assurances that the program will not result in increased availability of the same or like commodities to other countries; and (c) a statement of the progress made toward fulfilling commitments on usual sales of such commodities, accompanied by statistical data on imports and exports by

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

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

datos estadísticos sobre importaciones y exportaciones por países de origen o de destino de productos iguales o semejantes a los importados conforme a este Acuerdo.

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

F. SCHWALB L. A.

Al Excelentísimo
Señor J. Wesley Jones
Embajador de los Estados Unidos
de América
Ciudad

country of origin or destination of commodities which are the same as or like those imported under this agreement.

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

F. SCHWALB L. A.

His Excellency
J. Wesley Jones
Ambassador of the United States
of America
City