

No. 7685

**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 5 September 1964**

Official texts: English and Spanish.

Registered by the United States of America on 14 April 1965.

**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 5 septembre 1964**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 14 avril 1965.

No. 7685. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF PARAGUAY
UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT ASUNCIÓN, ON 5 SEPTEMBER 1964

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

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 the 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 5 September 1964, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat/wheat flour	\$2.6
Ocean transportation (estimated)4
	TOTAL \$3.0

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 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 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 proportions 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, 30 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 AID) under Section 104 (e) of the Act and for administrative expenses of AID in Paraguay incident thereto, 20 percent of the Paraguayan guaranies 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 AID and the Government of Paraguay acting through the Central Bank of Paraguay. The President of the Central Bank of Paraguay, or his designate, will act for the Government of Paraguay, 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 President of 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 AID is prepared to act favorably upon an application, it will 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 AID is prepared to act favorably upon an application, the Central Bank of Paraguay will indicate to AID whether or not the Central Bank of Paraguay has any objection to the proposed loan. Unless within the sixty-day period AID 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 AID approves or declines the proposed loan it will notify the President of the Central Bank of Paraguay.
- (6) In the event the 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 AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the Central Bank of Paraguay, the Government of the United States of America may use the Paraguayan guaranies for any purposes authorized by Section 104 of the Act.

C. 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, fifty 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 under Section 104 (g) of the Act within three years from the date of this agreement, the Government of the United States of America may use the Paraguayan 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 disbursement 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 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 Paraguay.

2. Any refunds of Paraguayan guaranies which may be due or become due under this agreement more than three years from the effective date of this agreement may, in the event that any subsequent agreement or agreements should be signed by the two Governments under the Act, be made by the Government of the United States of America from funds available from the most recent 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 and 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 information quarterly on the progress of the program, particularly with respect to the arrival and condition of commodities, provisions for the maintenance of usual marketings, and information relating to imports and 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, this fifth day of September 1964.

For the Government
of the United States of America :

Robert C. BREWSTER
Chargé d'Affaires a.i.

[SEAL]

For the Government
of Paraguay :

Raúl SAPENA PASTOR
Minister of Foreign Relations

[SEAL]

EXCHANGE OF NOTES

I

*The American Chargé d'Affaires ad interim to the Paraguayan Minister
of Foreign Affairs*

Asunción, September 5, 1964

No. 75

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today by representatives of our two Governments and to inform you of my Government's understanding of the following :

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 the following amounts of guaraníes : for purposes of Section 104 (a) of the Act, \$60,000 worth or two percent of the guaraníes accruing under the Agreement, whichever is greater, to finance agricultural market development activities in other countries ; and for purposes of Section 104 (b) of the Act and for the purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to \$50,000 worth of guaraníes to finance educational and cultural exchange programs and activities in other countries.

The Government of Paraguay agrees that it will procure and import with its own resources at least 25,000 metric tons of wheat or wheat equivalent from its traditional suppliers during the period September 5, 1964-December 31, 1964, in addition to purchases under the terms of the Agreement and if deliveries under the Agreement extend into a subsequent period the level of imports from traditional suppliers for such period will be determined at the time the request for extension of deliveries is made.

The Government of the United States of America may utilize guaraníes in Paraguay to pay for travel which 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 Paraguayan guaraníes may be utilized shall not be limited to services provided by Paraguayan transportation facilities.

With regard to Paragraph 4 Article IV of the Agreement, the Government of Paraguay agrees to furnish quarterly the following information in connection with each shipment of commodities received under the 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. The foregoing should be submitted on vessels leaving the United States and discharging to river vessels for transshipment to Paraguay and for river vessels arriving in Paraguay. In addition, the Government of Paraguay 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 has not resulted in increased availability of the same or like commodities to other nations, and (c) a statement by the Government of Paraguay showing progress made toward fulfilling commitments on usual marketings accompanied by data on imports and exports by country of origin or destination of commodities which are the same as or like those imported under the Agreement.

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

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

Robert C. BREWSTER

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

II

*The Paraguayan Minister of Foreign Affairs to the American Chargé d'Affaires
ad interim*

[SPANISH TEXT — TEXTE ESPAGNOL]

MINISTERIO DE RELACIONES EXTERIORES

Asunción, 5 de setiembre de 1964

Señor Encargado de Negocios :

Tengo el agrado de dirigirme a Vuestra Señoría con el objeto de acusar recibo de su nota N° 75, de fecha de hoy, cuyo texto es el siguiente :

« Excelencia : Tengo el honor de hacer referencia al Convenio sobre Productos Agrícolas suscrito en el día de la fecha por los representantes de nuestros dos Gobiernos y poner en conocimiento de Vuestra Excelencia el entender de mi Gobierno de lo siguiente : A pedido del Gobierno de los Estados Unidos de América, el Gobierno del Paraguay dará facilidades para la conversión a otras monedas, que no sean el dólar, de las siguientes cantidades de guaraníes : para los

país concuerda con el contenido de vuestra nota precedentemente transcrita y por consiguiente, la misma y la presente nota constituyen un Acuerdo entre nuestros dos Gobiernos sobre la materia.

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

Raúl SAPENA PASTOR

A Su Señoría Don Robert C. Brewster
Encargado de Negocios a. i.
de los Estados Unidos de América
Ciudad

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS

Asunción, September 5, 1964

Mr. Chargé d'Affaires :

I have the pleasure to acknowledge receipt of your note No. 75 dated today, the text of which reads as follows :

[See note I]

In reply, I am happy to inform you that the Government of my country agrees with the contents of your note transcribed above, and consequently, your note and this one constitute an agreement between our two Governments on the matter.

I avail myself of the opportunity to renew to you the assurances of my most distinguished consideration.

Raúl SAPENA PASTOR

Mr. Robert C. Brewster
Chargé d'Affaires ad interim
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.