

No. 8226

**UNITED STATES OF AMERICA
and
BOLIVIA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at
La Paz, on 12 May 1965**

Official texts : English and Spanish.

Registered by the United States of America on 9 June 1966.

**ÉTATS-UNIS D'AMÉRIQUE
et
BOLIVIE**

**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 La Paz, le 12 mai 1965**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 9 juin 1966.

No. 8226. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
BOLIVIA UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT LA PAZ, ON 12 MAY 1965

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

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

Considering that the Bolivian pesos 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 Bolivia 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 BOLIVIAN PESOS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Bolivia of purchase authorizations and to the availability of the specified commodities under the Act at the

¹ Came into force on 12 May 1965, upon signature, in accordance with article VI.

time of exportation, the Government of the United States of America undertakes to finance the sales for Bolivian pesos to purchasers authorized by the Government of Bolivia, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value</i>
Wheat/Wheat flour	\$2.50 millions
Cotton	1.33 millions
	<hr style="width: 10%; margin-left: auto; margin-right: 0;"/> \$3.83 millions

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 Bolivian pesos accruing from such sales, and other relevant matters.

3. The Government of the United States of America will finance ocean transportation incurred pursuant to this agreement only to the extent that the United States Department of Agriculture determines that such costs are higher than otherwise would be the case by reason of its requiring that approximately 50 percent by tonnage of commodities be transported in United States flag vessels. The balance of such costs for commodities required to be carried in United States flag vessels shall be paid in dollars by the Government of Bolivia. The Government of Bolivia will not be required to deposit Bolivian pesos for ocean transportation financed by the Government of the United States of America.

4. Promptly after contracting for United States flag shipping space required to be used, and in any event not later than presentation of vessel for loading, the Government of Bolivia will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities carried on United States flag vessels.

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 BOLIVIAN PESOS

The Bolivian pesos 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), (d), (f) and (h) through (t) of Section 104 of the Act, or under any of such subsections, 25 percent of the Bolivian pesos 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 Bolivia incident thereto, 5 percent of the Bolivian pesos 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 Bolivia for business development and trade expansion in Bolivia and to United States firms and Bolivian 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 Bolivia, acting through the Ministry of National Economy. The Minister, or his designate, will act for the Government of Bolivia, 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 Ministry of National Economy 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 the Ministry of National Economy 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 Bolivia on comparable loans, provided such rate is not lower than cost of funds to

the United States Treasury on comparable maturities, 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 Ministry of National Economy will indicate to AID whether or not the Ministry has any objection to the proposed loan. Unless within the sixty day period AID has received such a communication from the Ministry of the National Economy, it shall be understood that the Ministry has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the Ministry of National Economy.
- (6) In the event the Bolivian pesos 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 Ministry of National Economy, the Government of the United States of America may use the Bolivian pesos for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Bolivia 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 Bolivia, as may be mutually agreed, 70 percent of the Bolivian pesos 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 Bolivian pesos 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 Bolivian pesos for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF BOLIVIAN PESOS

1. The Government of Bolivia will deposit to the account of the Government of the United States of America an amount of Bolivian pesos equivalent to the dollar sales value of the commodities financed by the Government of the United States of America converted into Bolivian pesos at the applicable rate of exchange in effect on the date of dollar disbursement by the Government of the United States of America.

(a) If a unitary exchange rate system is maintained by the Government of Bolivia, the applicable rate will be the rate at which the central monetary authority of Bolivia or its authorized agent sells foreign exchange for Bolivian pesos.

(b) If a unitary exchange rate system is not maintained, the applicable rate will be the rate mutually agreed upon by the Government of the United States of America and the Government of Bolivia.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Bolivian pesos which become due under this agreement or which are due or become due under any prior agricultural commodities agreement. A reserve will be maintained under this agreement for two years from the effective date of this agreement which may be used for the payment of such refunds. Any payment out of this reserve shall be treated as a reduction in the total pesos accruing to the Government of the United States of America under this agreement.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Bolivia 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 Bolivia will furnish quarterly information 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 La Paz, in duplicate, this 12th day of May, 1965.

For the Government of the United States of America :

Douglas HENDERSON

For the Government of Bolivia :

Lt. Col. Joaquín ZENTENO ANAYA

[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Bolivian Minister of Foreign Relations

EMBASSY OF THE UNITED STATES OF AMERICA

No. 131

La Paz, May 12, 1965

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today and to inform you of my Government's understanding 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 Bolivia agrees to procure and import with its own resources at least 40,000 metric tons of wheat and/or wheat flour in grain equivalent from the United States of America and countries friendly to it during calendar year 1965 in addition to wheat to be purchased under the terms of the agreement and any shortfall from the calendar year 1964 usual marketing requirement. If deliveries extend into a subsequent period, the level of usual marketing requirements for such period will be determined at the time the request for extension of deliveries is made.

2. With regard to paragraph 4 of Article IV of the agreement, the Government of Bolivia 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, the date unloading was completed, and the disposition of the cargo, i.e., stored, distributed locally or, if shipped, where shipped. The foregoing shall be submitted on vessels leaving the United States and discharging in ports in Chile and/or Peru and on overland shipments from such ports to arrival points in Bolivia. In addition, the Government of Bolivia 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 showing progress made toward fulfilling commitments on usual marketings.

The Government of Bolivia further agrees that the above statements will be accompanied by statistical 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.

3. The Government of Bolivia 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 pesos: (1) for purposes of Section 104 (a) of the Act, \$76,600 worth or two percent of the pesos accruing under the agreement, whichever is greater, to finance agricultural market development activities in other countries; and (2) for purposes of Section 104 (h) of the Act and for the purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to \$75,000 worth of pesos to finance educational and cultural exchange programs and activities in other countries.

4. The Government of the United States of America may utilize pesos in Bolivia to pay for travel which is part of a trip in which the traveler travels from, to or through Bolivia. 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 pesos may be utilized shall not be limited to services provided by bolivian transportation facilities.

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

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

Douglas HENDERSON

His Excellency Col. Joaquín Zenteno Anaya
Minister of Foreign Relations
La Paz

II

The Bolivian Minister of Foreign Relations to the American Ambassador

[SPANISH TEXT — TEXTE ESPAGNOL]

REPÚBLICA DE BOLIVIA

MINISTERIO DE RELACIONES EXTERIORES Y CULTO

Nº DGNA /53 /50

La Paz, 12 de mayo 1965

Señor Embajador :

Me es honroso avisar recibo de la apreciable noia de Vuestra Excelencia Nº 131, de esta misma fecha, que textualmente dice :

« Embajada de los Estados Unidos de América. Nº 131 La Paz, 7 de mayo de 1965

« Excelencia : Tengo el honor de referirme al Convenio sobre Productos Agrícolas suscrito entre nuestros Gobiernos, hoy, e informarle, a continuación, sobre el entendimiento de mi Gobierno.

75,000 en pesos bolivianos para financiar programas de Educación e Intercambio Cultural y actividades en otros países.

« 4. El Gobierno de los Estados Unidos puede utilizar pesos bolivianos en Bolivia, para costear la parte de un viaje en que el viajero viaje desde, a, o a través de Bolivia. Se entiende que estos fondos son solamente para los viajes de personas que viajen con asuntos oficiales del Gobierno de los Estados Unidos o en relación con actividades financiadas por el Gobierno de los Estados Unidos de América. También, se entiende que los viajes costeados con pesos bolivianos no serán limitados a los servicios de transporte boliviano.

« Mucho agradeceré a Su Excelencia dar su conformidad a los acuerdos arriba mencionados.

« En esta oportunidad acepte, Excelencia, las renovadas seguridades de mi más alta consideración » (*Fdo.*) Douglas Henderson.

En respuesta, tengo el honor de confirmar a Vuestra Excelencia la aceptación del Gobierno de Bolivia a los puntos mencionados en la nota transcrita, relativos a la importación de trigo y harina, informaciones sobre embarques, y conversión y uso de los fondos, en moneda boliviana, provenientes de las ventas a realizarse bajo los términos del Convenio suscrito el día de hoy.

Me valgo de esta oportunidad para renovar a Vuestra Excelencia el testimonio de mi consideración más alta y distinguida.

Cnl. Joaquín ZENTENO ANAYA

Ministro de Relaciones Exteriores y Culto

Al Excmo. Señor Douglas Henderson
Embajador Extraordinario y Plenipotenciario
de los Estados Unidos de América
Presente

[TRANSLATION¹ — TRADUCTION²]

REPUBLIC OF BOLIVIA
MINISTRY OF FOREIGN RELATIONS AND WORSHIP

Nº DGNA/53/50

La Paz, May 12, 1965

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's note No. 131 of this date, which reads as follows :

[*See note I*]

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

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

In reply, I have the honor to confirm to Your Excellency the Government of Bolivia's acceptance of the terms of the note transcribed, relating to the importation of wheat and flour, information on shipments, and the conversion and use of the funds in Bolivian currency accruing from the sales to be made under the terms of the Agreement signed today.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest and most distinguished consideration.

Colonel Joaquín ZENTENO ANAYA
Minister of Foreign Relations and Worship

His Excellency Douglas Henderson
Ambassador Extraordinary and Plenipotentiary
of the United States of America

City