

No. 8388

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**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  
22 April 1966**

*Official texts: English and Spanish.*

*Registered by the United States of America on 21 November 1966.*

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**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 22 avril 1966**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 21 novembre 1966.*

No. 8388. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
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 22 APRIL 1966

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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 those 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 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 :

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<sup>1</sup> Came into force on 22 April 1966, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat/wheat flour . . . . .	\$5.23
Cotton . . . . .	1.29
TOTAL	\$6.52

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 costs incurred pursuant to this agreement only to the extent that such costs are higher than otherwise would be the case by reason of the requirement that approximately 50 percent by tonnage of the commodities be transported in United States flag vessels. The balance of ocean freight charges for transportation of 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 pesos for ocean transportation financed by the Government of the United States of America.

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 in United States flag vessels.

4. 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), (c), (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, a commodity purchased pursuant to this agreement during the period beginning on the date of this agreement and ending on the final date on which such commodity is received and utilized (except where such export is specifically approved by the Government of the United States); 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 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 22nd day of April, 1966.

For the Government of the United States of America :

Douglas HENDERSON

For the Government of Bolivia :

Cnl. 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. 272

La Paz, April 22, 1966

Excellency :

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 deliveries of commodities under the agreement 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 1966 in addition to wheat to be purchased under the terms of the agreement and any shortfall from the calendar year 1965 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 Article III of the agreement, the rate at which the central monetary authority of Bolivia or its authorized agent sells foreign exchange for Bolivian pesos includes the two percent exchange tax and the 0.2 percent stamp tax applicable to sales of foreign exchange in the private sector. In the event of any change in the present arrangement a new understanding on what is to be included in the deposit rate applicable from the date of such change will be reached by mutual agreement.

3. 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 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.

4. 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, \$130,400 worth or two percent of the pesos accruing under the agreement from sales and payments from 104 (g) loans (including principal and interest), 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 \$130,000 worth of pesos to finance educational and cultural exchange programs and activities in other countries.

5. 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.

6. The Government of Bolivia agrees that Bolivian pesos received by the Government of the United States of America under the agreement may be deposited in interest-bearing accounts in Bolivia selected by the Government of the United States of America.

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 Zentono Anaya  
Minister of Foreign Relations  
La Paz

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

Cnl. J. ZENTENO

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

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

REPUBLIC OF BOLIVIA  
MINISTRY OF FOREIGN AFFAIRS AND WORSHIP

No. DGAN/120

La Paz, April 22, 1966

Mr. Ambassador :

I have the honor to acknowledge receipt of Your Excellency's note No. 272 of this date, which reads as follows :

[*See note I*]

In reply, I have the honor to confirm to Your Excellency that the Government of Bolivia accepts the terms set forth in the note transcribed above.

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

Cnl. J. ZENTENO

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

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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.