

No. 8801

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**UNITED STATES OF AMERICA**  
and  
**BRAZIL**

**Agricultural Commodities Agreement under Title IV of  
the Agricultural Trade Development and Assistance  
Act, as amended (with exchange of notes). Signed at  
Rio de Janeiro, on 23 April 1966**

*Official texts: English and Portuguese.*

*Registered by the United States of America on 18 October 1967.*

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**ÉTATS-UNIS D'AMÉRIQUE**  
et  
**BRÉSIL**

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre IV de la loi tendant à développer et à favo-  
riser le commerce agricole, telle qu'elle a été modifiée  
(avec échange de notes). Signé à Rio de Janeiro, le  
23 avril 1966**

*Textes officiels anglais et portugais.*

*Enregistré par les États-Unis d'Amérique le 18 octobre 1967.*

No. 8801. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA AND THE GOVERNMENT OF THE UNITED  
STATES OF BRAZIL UNDER TITLE IV OF THE AGRICUL-  
TURAL TRADE DEVELOPMENT AND ASSISTANCE  
ACT, AS AMENDED. SIGNED AT RIO DE JANEIRO,  
ON 23 APRIL 1966

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

Recognizing the desirability of expanding trade in agricultural commodities between their two countries in a manner which would utilize surplus agricultural commodities, including the products thereof, produced in the United States of America to assist economic development in Brazil;

Recognizing that such expanded trade should be carried on in a manner which would not displace cash marketings of the United States of America in those commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade;

Recognizing further that by providing such commodities to Brazil under long-term supply and credit arrangements, the resources and manpower of Brazil can be utilized more effectively for economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use;

Desiring to set forth the understandings which will govern the sales, as specified below, of commodities to Brazil pursuant to Title IV of the Agricultural Trade Development and Assistance Act,<sup>1</sup> as amended (hereinafter referred to as the Act);

Have agreed as follows:

*Article I*

COMMODITY SALES PROVISIONS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of the United States of Brazil of credit purchase authorizations and to the availability of commodities

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<sup>1</sup> Came into force on 23 April 1966 by signature, in accordance with article V.

under the Act at the time of exportation, the Government of the United States of America undertakes to finance, during the periods specified below, or such longer periods as may be authorized by the Government of the United States of America, sales for United States dollars, to purchasers authorized by the Government of Brazil of the following commodities :

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value to be Financed</i>
Wheat and/or wheat flour	Calendar Year 1966	1,000,000 metric tons	\$58,606,200
Ocean transportation (estimated) . . . . .			5,117,890
			<hr/> \$63,724,090

The total amount of financing provided in the credit purchase authorizations shall not exceed the above-specified export market value to be financed, except that additional financing for ocean transportation will be provided if the estimated amount for financing shipments required to be made on United States flag vessels proves to be insufficient. It is understood that the Government of the United States of America may limit the amount of financing provided in the credit purchase authorizations, as price declines or other marketing factors may require, so that the quantities of commodities financed will not substantially exceed the above-specified approximate maximum quantities.

2. Applications for credit purchase authorizations will be made promptly after the effective date of this agreement. Purchase authorizations will include provisions relating to the sale and delivery of the commodities and other relevant matters.

3. The financing, sale, and delivery of commodities hereunder may be terminated by either or both Governments if either or both Governments determine that because of changed conditions the continuation of such financing, sale, and delivery is unnecessary or undesirable.

## *Article II*

### CREDIT PROVISIONS

1. The Government of the United States of Brazil will pay, or cause to be paid, in United States dollars to the Government of the United States of America for the commodities specified in Article I and applicable ocean

transportation costs (except excess ocean transportation costs resulting from the requirement that United States flag vessels be used), the amount financed by the Government of the United States of America together with interest thereon.

2. The amount of the principal due for commodities delivered in each calendar year under this Agreement, including the applicable related ocean transportation costs, shall be made in 20 approximately equal annual payments, the first of which shall become due December 31 of the year following the calendar year in which delivery of commodities is made. Subsequent annual payments shall become due at intervals of one year thereafter, provided that the final payment for commodities delivered in any calendar year shall become due 20 years after the date of the last delivery of commodities in such calendar year. Any annual payment may be made prior to the due date thereof.

3. Interest on the unpaid balance of the principal due the Government of the United States of America for commodities delivered, including applicable related ocean transportation costs, in each calendar year shall begin on the date of last delivery of commodities in such calendar year and be paid annually on the dates payments of principal are due. The interest shall be computed at the rate of one percent per annum during the period from the date of the last delivery of commodities in such calendar year to the due date of the first annual payment of principal, and 2 ½ percent per annum thereafter.

4. All payments shall be made in United States dollars and the Government of the United States of Brazil shall deposit, or cause to be deposited, such payments in the United States Treasury for credit to the Commodity Credit Corporation unless another depository is agreed upon by the two Governments.

5. The two Governments will each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year.

6. For the purpose of determining the date of last delivery of commodities for each calendar year, delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier.

*Article III*

## GENERAL PROVISIONS

1. The Government of the United States of Brazil will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic consumption of the agricultural commodities purchased pursuant to this Agreement (unless 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 on the final date on which said commodities are being 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 sales and purchases of commodities pursuant to the 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 of countries friendly to the United States of America.

3. In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private suppliers to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of the United States of Brazil will furnish information quarterly on the progress of the program, particularly with respect to the arrival and condition of the commodities, provisions for the maintenance of usual marketings, and information relating to imports and exports of the same or like commodities.

*Article IV*

## 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 V*

## 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 Rio de Janeiro, in duplicate, in the English and Portuguese languages this twenty-third day of April, 1966.

For the Government  
of the United States  
of America :

Orville L. FREEMAN

For the Government  
of the United States  
of Brazil :

Juracy MAGALHÃES

## EXCHANGE OF NOTES

## I

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

AMERICAN EMBASSY

No. 1000

RIO DE JANEIRO

April 23, 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. With regard to Article I of the agreement, no purchase authorizations will be issued until the deficit of deposits of local currency required under the Agricultural Commodities Agreement between our two Governments of September 11, 1963, as amended,<sup>1</sup> is eliminated.

2. With regard to paragraph 4 of Article III of the agreement, the Government of the United States of Brazil 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 the commodity was received, the 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 the United States of Brazil agrees to furnish quarterly: (a) A statement of measures it has taken to prevent the re-export or transshipment of the 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 showing progress made toward fulfilling commitments on usual marketings. The Government of the United States of Brazil 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. As agreed in conversations which have taken place between representatives of our two Governments, the cruzeiros resulting from the sale of commodities financed under the agreement will be deposited by the Government of the United States of Brazil in a special account in the name

<sup>1</sup> United Nations, *Treaty Series*, Vol. 493, p. 267, and Vol. 526, p. 354.

of the Government and will be used by the Government of the United States of Brazil for economic and social development programs consistent with the purpose and objectives of the Act of Bogota <sup>1</sup> and the Charter of Punta del Este <sup>2</sup> as may be mutually agreed upon by our two Governments.

4. Any cruzeiros resulting from the sale in Brazil of the commodities financed under the agreement which are loaned by the Government of the United States of Brazil to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in Brazil.

5. The Government of the United States of Brazil agrees to furnish the Government of the United States of America upon request, reports showing the total cruzeiros available to the Government of the United States of Brazil from the sale of the commodities, a list of the projects being undertaken, and related information including the name and location of each project, the amount invested in it and its status of completion.

6. In expressing its agreement with the Government of the United States of America that the deliveries of commodities pursuant to the agreement should not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly nations, the Government of the United States of Brazil agrees that, in addition to the commodities to be purchased under the terms of the agreement, Brazil will procure and import with its own resources from Free World sources, including the United States of America, during calendar year 1966 at least 1,324,000 metric tons of wheat and/or wheat flour in terms of grain equivalent.

7. If deliveries of commodities under the agreement have not been completed by December 31, 1966, the level of additional usual marketing requirements to apply during such additional period as may be granted by the Government of the United States of America shall be determined at the time of the request by the Government of the United States of Brazil for an extension.

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

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

Philip RAINE  
Chargé d'Affaires ad interim

His Excellency Ambassador Juracy Magalhães  
Minister of Foreign Affairs  
The United States of Brazil  
Rio de Janeiro

<sup>1</sup> United States of America : *Department of State Bulletin*, 30 October 1960.

<sup>2</sup> United States of America : *Department of State Bulletin*, 11 September 1961.

Aproveito a oportunidade para renovar a Vossa Senhoria os protestos da minha mui distinta consideração.

Juracy MAGALHÃES

Ao Senhor Conselheiro Philip Raine  
Encarregado de Negócios, a.i., dos  
Estados Unidos da América

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

MINISTRY OF FOREIGN AFFAIRS  
RIO DE JANEIRO

DPB/DAS/DAI/91/811.(22)00)

April 23, 1966

Mr. Chargé d'Affaires:

I have the honor to acknowledge the receipt of your note No. 1000, dated today, which reads as follows:

[See note I]

2. In reply, I inform you that the Brazilian Government agrees to the foregoing.

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

Juracy MAGALHÃES

Mr. Philip Raine  
Chargé d'Affaires ad interim  
of the United States of America

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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.