

No. 9754

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**UNITED STATES OF AMERICA**  
**and**  
**REPUBLIC OF VIET-NAM**

**Agreement for sales of agricultural commodities (with annex). Signed at Saigon on 13 March 1967**

*Authentic text: English.*

*Registered by the United States of America on 6 August 1969.*

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**ÉTATS-UNIS D'AMÉRIQUE**  
**et**  
**RÉPUBLIQUE DU VIET-NAM**

**Accord relatif à la vente de produits agricoles (avec annexe).  
Signé à Saigon le 13 mars 1967**

*Texte authentique: anglais.*

*Enregistré par les États-Unis d'Amérique le 6 août 1969.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF VIET-NAM FOR SALES OF AGRICULTURAL COMMODITIES

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The Government of the United States of America and the Government of the Republic of Viet-Nam :

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Republic of Viet-Nam (hereinafter referred to as the importing country) and with other friendly countries in a manner that will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Taking into account the importance to developing countries of their efforts to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

Recognizing the policy of the exporting country to use its agricultural productivity to combat hunger and malnutrition in the developing countries, to encourage these countries to improve their own agricultural production, and to assist them in their economic development;

Recognizing the determination of the importing country to improve its own production, storage, and distribution of agricultural food products, including the reduction of waste in all stages of food handling;

Desiring to set forth the understandings that will govern the sales of agricultural commodities to the importing country pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), and the measures that the two Governments will take individually and collectively in furthering the above-mentioned policies;

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<sup>1</sup> Came into force on 13 March 1967 by signature, in accordance with part III (B).

Have agreed as follows :

PART I

GENERAL PROVISIONS

*Article I*

A. The Government of the exporting country undertakes to finance the sale of agricultural commodities to purchasers authorized by the Government of the importing country in accordance with the terms and conditions set forth in this agreement, including the applicable annex which is an integral part of this agreement.

B. The financing of the agricultural commodities listed in Part II of this agreement will be subject to :

1. the issuance by the Government of the exporting country of purchase authorizations and their acceptance by the Government of the importing country; and
2. the availability of the specified commodities at the time of exportation.

C. Application for purchase authorisations will be made within 90 days after the effective date of this agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this agreement shall be made within the supply periods specified in the commodity table in Part II.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of financing authorized under this agreement shall not exceed the maximum export market value specified for that commodity and type of financing in Part II. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in Part II.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no responsibility to reimburse the Government of the exporting country or to deposit any local currency of the importing country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.

H. 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*

### *A. Initial Payment*

The Government of the importing country shall pay, or cause to be paid, such an initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that proportion of the purchase price (excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in Part II and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

### *B. Type of Financing*

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein, and special provisions relating to the sale are also set forth in Part II and in the applicable annex.

### *C. Deposit of Payments*

The Government of the importing country shall make, or cause to be made, payments to the Government of the exporting country in the

currencies, amounts, and at the exchange rates specified elsewhere in this agreement as follows :

1. Payments in the local currency of the importing country (hereinafter referred to as local currency), shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.
2. Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington, D.C. 20250, unless another method of payment is agreed upon by the two Governments.

### *Article III*

#### *A. World Trade*

The two Governments shall take reasonable precautions to assure that sales of agricultural commodities pursuant to this agreement will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with countries the Government of the exporting country considers to be friendly to it (referred to in this agreement as friendly countries). In implementing this provision the Government of the importing country shall :

1. insure that total imports from the exporting country and other friendly countries into the importing country paid for with the resources of the importing country will equal at least the quantities of agricultural commodities of the types specified in the usual marketing table set forth in Part II during each import period specified in the table and during each subsequent comparable period in which commodities financed under this agreement are being delivered. The imports of commodities to satisfy these usual marketing requirements for each import period shall be in addition to purchases financed under this agreement;
2. take all possible measures to prevent the resale, diversion in transit, 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, diversion in transit, transshipment or use is specifically approved by the Government of the United States of America); and
3. take all possible measures to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commo-

dities financed under this agreement during the export limitation period specified in the export limitation table in Part II (except as specified in the permissible export table in Part II or where such export is otherwise specifically approved by the Government of the United States of America).

#### B. *Private Trade*

In carrying out this agreement, the two Governments shall seek to assure conditions of commerce permitting private traders to function effectively.

#### C. *Self-Help*

Part II describes the program the Government of the importing country is undertaking to improve its production, storage, and distribution of agricultural commodities. The Government of the importing country shall furnish in such form and at such time as may be requested by the Government of the exporting country, a statement of the progress the Government of the importing country is making in carrying out such self-help measures.

#### D. *Reporting*

In addition to any other reports agreed upon by the two Governments, the Government of the importing country shall furnish at least quarterly for the period it is importing or utilizing commodities purchased under this agreement and for the first quarter after the end of that period :

1. 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;
2. a statement by it showing the progress made toward fulfilling the usual marketing requirements;
3. a statement of the measures it has taken to implement the provisions of section A 2 and 3 of this Article; and
4. 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.

### E. *Procedures for Reconciliation and Adjustment of Accounts*

The two Governments shall 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. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide are appropriate.

### F. *Delivery*

For the purposes of this agreement :

1. 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,
2. import shall be deemed to have occurred when the commodity has entered the country, and passed through customs, if any, of the importing country, and
3. utilization shall be deemed to have occurred when the commodity is sold to the trade within the importing country without restriction on its use within the country or otherwise distributed to the consumer within the country.

### G. *Applicable Exchange Rate*

For the purposes of this agreement, the applicable exchange rate for determining the amount of any local currency to be paid to the Government of the exporting country shall be a rate which is not less favorable to the Government of the exporting country than the highest of the exchange rates legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest of exchange rates obtainable by any other nation. With respect to local currency :

1. As long as a unitary exchange rate system is maintained by the Government of the importing country, the applicable exchange rate will be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency.
2. If a unitary rate system is not maintained, the applicable rate will be the rate (as mutually agreed by the two Governments) that fulfills the requirements of the first sentence of this section G.

### H. *Consultation*

The two Governments shall, upon request of either of them, consult regarding any matter arising under this agreement, including the operation of arrangements carried out pursuant to this agreement.

I. *Publicity*

The Government of the importing country shall undertake such measures as may be mutually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity as provided for in subsection 103 (1) of the Act.

## PART II

## PARTICULAR PROVISIONS

ITEM I. *Commodity Table:*

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value</i>
Rice	United States fiscal year 1967	300,000 metric tons	\$47,400,000
	Local Currency Terms . . . . .		\$47,400,000

ITEM II. *Payment Terms:**Local Currency Terms:*A. *Proportions of Local Currency Indicated for Specified Purposes*

1. United States expenditures—100 percent.
2. *Convertibility:* section 104 (b) (1)—\$948,000.
3. *Exchange Rate:* under the current Vietnamese exchange system, the amount of piastres to be deposited against dollar disbursements by the Government of the United States of America shall be computed at the official rate of 80 piastres per United States dollar plus an economic consolidation surtax of 38 piastres per dollar, resulting in an effective rate of 118 piastres per dollar.

ITEM III. *Usual Marketing Table:* None.ITEM IV. *Export Limitations:*

- A. *Export Limitation Period:* United States calendar year 1967 or any subsequent calendar year of actual import or utilization of United States rice.
- B. For the purposes of Part I, Article III A (3), of the agreement, the commodities considered to be the same as, or like, the commodities imported under this agreement are:  
Food grains including rice in the form of paddy, brown and/or milled.
- C. *Permissible Export(s):* None.



ITEM V. *Self-Help Measures:*

In consideration of section 109(a) of the law it is recognized that the Government of Viet-Nam in cooperation with the Government of the United States, is developing new policies with regard to improving production, storage and distribution of agricultural commodities and in particular with regard to rice pricing and distribution and fertilizer procurement and distribution which will lead to increased production, facilitate delivery to deficit areas, and reduce the need for the imports of rice. Additionally, these policies will assist pacification and development of rural areas.

Therefore, no additional self-help proposals are contemplated within the terms of this agreement. In subsequent agreements or amendments, progress will be reviewed and additional self-help requirements considered.

ITEM VI *Other Provisions:*

1. In addition to any local currency authorized for sale under section 104(j) of the Act, the Government of the exporting country may utilize local currency in the importing country to pay for travel which is part of a trip in which the traveler travels from, to or through the importing country. It is understood that these funds are intended to cover only travel by persons, who are travelling on official business for the Government of the exporting country or in connection with activities financed by the Government of the exporting country. It is further understood that the travel for which local currency may be utilized shall not be limited to services provided by the transportation facilities for the importing country.

2. The Government of the importing country undertakes to settle promptly all valid demurrage claims arising from the transportation of rice provided under this agreement.

PART III

FINAL PROVISIONS

A. This agreement may be terminated by either Government by notice of termination to the other Government. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

B. 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 Saigon, in duplicate, this thirteenth day of March, 1967.

For the Government of the Republic  
of Viet-Nam

D TRAN VAN DO  
[SEAL]

For the Government of the United  
States of America :

Henry Cabot LODGE  
[SEAL]

LOCAL CURRENCY ANNEX TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF VIET-NAM FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on local currency terms:

1. The Government of the importing country shall provide for the payment in United States dollars of the balance of the ocean transportation costs for commodities required to be transported in United States flag vessels, after deducting the ocean freight differential described in Part I, Article I F, of the agreement.

2. The Government of the importing country will pay, or cause to be paid, to the Government of the exporting country an amount of local currency equivalent to the dollar amount disbursed by the Government of the exporting country for the commodity (not including any ocean transportation costs) less any portion of the initial payment payable in dollars to the Government of the exporting country, at such time as required by purchase authorizations and regulations applicables thereto. The calculation of this local currency equivalent shall be at the applicable rate of exchange specified in Part I, Article III G, of this agreement and in effect on the date of dollar disbursement by the Government of the exporting country.

3. The Government of the exporting country shall determine which of its funds shall be used to pay any refunds of local currency which become due under this agreement or which are due, or become due under any prior agricultural commodities agreement. A reserve shall be maintained under this agreement for two years from its effective date 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 currency accruing to the Government of the exporting country under this agreement.

4. Subject to the reserve and refund provision of paragraph 3 of this annex, the local currency accruing to the Government of the exporting country from sales of these commodities shall be made available for use by the Government of the exporting country in such manner and order of priority as the Government of the exporting country shall determine, for the purposes and in the proportions indicated in Part II of the agreement.

5. Any percentage of the local currency indicated for United States expenditures may be made available by the Government of the exporting country for expenditure under any subsection of section 104 of the Act, except that this provision shall not result in an increase in the other percentages which are indicated for specific subsections of section 104 in Part II, item II under "Proportions of Local Currency Indicated for Specific Purposes". Such expenditures shall include, among others, those authorized by section 104(j) of the Act subject to any provisions relating thereto in Part II.

6. With respect to local currency the Government of the exporting country acquires under this agreement, and upon request of the Government of the exporting country, the Government of the importing country shall provide facilities for conversions of:

- a. The following amounts of local currency into other non-United States dollar currencies:
- (1) For purposes of section 104(b) (1) of the Act, the larger of the two following amounts:
    - (a) the total currency amount required to yield the United States dollar amount specified in Part II, or
    - (b) two per centum of the local currency accruing to the Government of the exporting country from sales made pursuant to this agreement and from payments of both principal and interest on section 104(f) loans, and
  - (2) For purposes of section 104(b) (2) of the Act, the local currency amount required to yield the United States dollar amount specified in Part II.
- b. The following amounts of local currency into United States dollars at the applicable exchange rate in effect on the date of the request for conversion:
- (1) For purposes of section 103(m) (1) of the Act, that portion of the currencies available for payment of United States obligations that is necessary to permit the Government of the United States of America or any of its agencies to meet their obligations or pay the charges they owe to the Government of the importing country or any of its agencies, and
  - (2) The local currency amount required to yield any additional United States dollar amount specified in Part II.

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