

No. 10249

UNITED STATES OF AMERICA
and
DOMINICAN REPUBLIC

Agreement for sales of agricultural commodities (with annex).
Signed at Santo Domingo on 1 April 1968

Exchange of notes constituting an agreement amending the
above-mentioned Agreement. Santo Domingo, 9 and 10 May
1968

Authentic texts: English and Spanish.

Registered by the United States of America on 3 February 1970.

ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DOMINICAINE

Accord relatif à la vente de produits agricoles (avec annexe).
Signé à Saint-Domingue le 1^{er} avril 1968

Échange de notes portant modification de l'Accord susmentionné.
Saint-Domingue, 9 et 10 mai 1968

Textes authentiques : anglais et espagnol.

Enregistrés par les États-Unis d'Amérique le 3 février 1970.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE DOMINICAN REPUBLIC FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Dominican Republic, in furtherance of the Alliance for Progress, and

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Dominican Republic (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;

Have agreed as follows:

¹ Came into force on 1 April 1968 by signature, in accordance with part III (B).

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 Dollar Credit 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 authorizations 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 accord-

ance with the type of financing indicated therein, and special provisions relating to the sale are also set forth in Part II and in the Dollar Credit 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 maximum 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 as may be 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 resales, 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 commodities financed under this agreement during the export limitation period specified in the export limitation table in Part II (except as may be specified 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. Agricultural Improvement Program

Part II describes the program, in furtherance of the goals set forth in the Charter of Punta del Este,¹ that 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 program.

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 supply period specified in Item I, Part II of this agreement and any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized:

¹ United States of America, *Department of State Bulletin*, September 11, 1961, p. 463.

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 sections 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. Definitions

For the purposes of this agreement:

1. Delivery shall be deemed to have occurred as of the onboard 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 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. Identification and 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 (DOMINICAN REPUBLIC)

Item I. Commodity Table:

<i>Commodity</i>	<i>Supply</i>	<i>Approximate</i>	<i>Maximum</i>
	<i>Period</i>		<i>Export Market</i>
	<i>(United States</i>	<i>Maximum Quantity</i>	<i>Value</i>
	<i>fiscal year)</i>		<i>(in thousands)</i>
Soybean/cottonseed oil	1968	15,000 metric tons	\$4,253
Wheat/wheat flour	1968	55,000 metric tons	3,600
Tallow	1968	12,000 metric tons	1,584
Cotton	1968	5,600 bales	699
Tobacco, unmanufactured	1968	933 metric tons	2,263
Cotton yarn	1968	777 metric tons	976
Oats	1968	1,200 metric tons	72
Ocean transportation (estimated)			809
			TOTAL \$14,256

Item II. Payment Terms:

Dollar Credit

1. Initial payment—5 percent
2. Number of installment payments—19
3. Amount of each installment payment—approximately equal annual amounts
4. Due date of first installment payment—2 years from date of last delivery in each calendar year
5. Initial interest rate—2 percent
6. Continuing interest rate—2 1/2 percent.

Item III. Usual Marketing Requirements: None.*Item IV.* Export Limitation:

A. The export limitation period shall begin with the effective date of the agreement and end on the final date on which said commodities financed under this agreement are being imported or utilized.

B. For the purpose 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: wheat/wheat flour—food grains including wheat, wheat flour, rice and barley; tallow—any animal fat; oats—oats in any form and products thereof; cotton yarn—cotton yarn of any kind and manufactures thereof.

C. Permissible Export(s):

<i>Commodity</i>	<i>Quantity</i>	<i>Period during which such exports are permitted (United States fiscal year)</i>
Vegetable oils and oil-bearing materials	4,500 metric tons (oil equivalent terms)	1968
Cotton	1,600 bales	1968

Item V. Agricultural Improvement Program:

In furtherance of the goals set forth in the Charter of Punta del Este the Government of the importing country is undertaking to improve the production, storage, and distribution of agricultural products by:

1. Substantially increasing the operating budget of the Agricultural Secretariat, INDRHI, the Agrarian Institute and IDECOOP.

2. Taking vigorous efforts to rehabilitate and reorganize the Agricultural Bank, including measures to arrest the decline in its resources available for lending.

3. Considering programs that insure adequate incentives to producers of key food products.

4. Enacting a marketing law and establishing and enforcing a system of grades and standards.

5. Developing a program to place the operation and maintenance of irrigation systems on a self-financing basis.

6. Implementing the plan to establish a university level agricultural education program.

7. Studying land tenure problems with a view to the development of recommendations to improve land tenure patterns.

Item VI. Economic Development Purposes for Which Proceeds Accruing to Importing Country are to be Used:

For purposes specified in Item V and for other economic development purposes as may be mutually agreed upon.

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 Santo Domingo, in duplicate, this First day of April, 1968.

For the Government
of the United States of America:
John Hugh CRIMMINS

For the Government
of the Dominican Republic:
J. BALAGUER

DOLLAR CREDIT ANNEX TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE DOMINICAN REPUBLIC FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on dollar credit terms:

1. In addition to bearing the cost of ocean freight differential as provided in Part I, Article I F, of this agreement, the Government of the exporting country will finance on credit terms the balance of the costs for ocean transportation of those commodities that are required to be carried in United States flag vessels. The amount for ocean transportation (estimated) included in any commodity table specifying credit terms does not include the ocean freight differential to be borne by the Govern-

ment of the exporting country and is only an estimate of the amount that will be necessary to cover the ocean transportation costs to be financed on credit terms by the Government of the exporting country. If this estimate is not sufficient to cover these costs, additional financing on credit terms shall be provided by the Government of the exporting country to cover them.

2. With respect to commodities delivered in each calendar year under this agreement, the principal of the credit (hereinafter referred to as principal) will consist of:

- a. The dollar amount disbursed by the Government of the exporting country for the commodities (not including any ocean transportation costs) less any portion of the initial payment payable to the Government of the exporting country, and
- b. The ocean transportation costs financed by the Government of the exporting country in accordance with paragraph 1 of this annex (but not the ocean freight differential).

This principal shall be paid in accordance with the payment schedule in Part II of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of principal may be made prior to its due date.

3. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year under this agreement shall begin on the date of last delivery of these commodities in such calendar year. Interest shall be paid not later than the due date of each installment payment of principal, except that if the date of the first installment is more than a year after such date of last delivery, the first payment of interest shall be made not later than the anniversary date of such date of last delivery and thereafter payment of interest shall be made not later than the due date of each installment payment of principal. For the period from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rate specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

4. The Government of the importing country shall deposit the proceeds accruing to it from the sale of commodities financed under this agreement (upon the sale of the commodities within the importing country) in a special account in its name that will be used for the sole purpose of holding the proceeds covered by this paragraph. Withdrawals from this account shall be made for the economic development purposes specified in Part II of this agreement in accordance with procedures mutually satisfactory to the two Governments. The total amount deposited under this paragraph shall not be less than the local currency equivalent of the dollar

disbursement by the Government of the exporting country in connection with the financing of the commodities including the related ocean transportation costs other than the ocean freight differential. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the Government of the importing country to private or nongovernmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish, in such form and at such times as may be requested by the Government of the exporting country, but not less frequently than on an annual basis, reports containing relevant information concerning the accumulation and use of these proceeds, including information concerning the programs for which these proceeds are used, and, when the proceeds are used for loans, the prevailing rate of interest for comparable loans in the importing country.

5. The computation of the initial payment under Part I, Article II, A of this agreement and all computations of principal and interest under numbered paragraphs 2 and 3 of this annex shall be made in United States dollars.

6. All payments shall be in United States dollars or, if the Government of the exporting country so elects,

- a. The payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III, G of this agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted to United States dollars at the same rate, or used by the Government of the exporting country for payment of its obligations in the importing country, or
 - b. The payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the Government of the exporting country for payment of its obligations.
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EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT ¹
AMENDING THE AGREEMENT OF 1 APRIL 1968 ²
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE DOMINICAN REPUBLIC FOR SALES OF AGRICULTURAL
COMMODITIES

I

SANTO DOMINGO, D.R.

May 9, 1968

Dear Mr. President:

I have the honor to refer to the Agricultural Commodities Sales Agreement which we signed for our respective governments on April 1st, 1968. ² In this connection, I propose that the Commodity Table, Part II, Item I, which now reads "tobacco, unmanufactured", be amended to read "tobacco, unmanufactured and tobacco products".

I propose that this note and your reply concurring therein, shall constitute an agreement, to enter into force on the date of your reply.

Please accept, Your Excellency, the continuing assurances of my highest consideration.

Sincerely,

John Hugh CRIMMINS
Ambassador of the United States of America

His Excellency Dr. Joaquín Balaguer
President of the Dominican Republic
Santo Domingo, D.R.

¹ Came into force on 10 May 1968 by the exchange of the said notes.

² See p. 241 of this volume.

II

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION ¹ — TRADUCTION ²]

EL PRESIDENTE
DE LA REPÚBLICA DOMINICANA
SANTO DOMINGO, D. N.

THE PRESIDENT
OF THE DOMINICAN REPUBLIC
SANTO DOMINGO, D.N.

10 de mayo de 1968
« Año de la Producción »

May 10, 1968
“Year of Production”

Excelentísimo Señor Embajador :

Mr. Ambassador:

Tengo a bien dirigirme a Vuestra Excelencia con el propósito de manifestarle el consentimiento del Gobierno de la República Dominicana para enmendar el Convenio de la PL-480, Título I, firmado el 1.º de abril de 1968, en la siguiente forma :

I am happy to inform your Excellency that the Government of the Dominican Republic agrees to the amendment of Title I of the PL-480 Agreement, signed April 1, 1968, as follows:

Enmendar la tabla de productos (Parte II, Párrafo I) donde se indica « tabaco no manufacturado », a fin de incluir la siguiente especificación del producto : « Tabaco, no manufacturado, y productos de tabaco ».

The Commodity Table (Part II, Paragraph I), which now reads “tobacco, unmanufactured” would be amended to include the following specification regarding the product: “Tobacco, unmanufactured, and tobacco products.”

La carta de Su Excelencia del 9 de mayo, solicitando la anterior enmienda, y esta carta, serán consideradas por ambas partes, signatarias del Convenio, como un acuerdo que deberá entrar en vigor en la fecha de la presente.

Your Excellency's note of May 9, requesting the foregoing amendment, and this note will be considered by both signatories of the Agreement as an agreement that will enter into force on today's date.

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

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

Aprovecho la oportunidad para reiterar a Vuestra Excelencia los sentimientos de mi más alta consideración y estima,

Atentamente,

J. BALAGUER

Su Excelencia
John H. Crimmins
Embajador de los Estados Unidos
de América
Su Despacho

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration and esteem.

Respectfully,

J. BALAGUER

His Excellency
John H. Crimmins
Ambassador of the United States
of America
Embassy of the United States
of America