

No. 10141

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**UNITED STATES OF AMERICA  
and  
REPUBLIC OF KOREA**

**Supplementary Agreement for sales of agricultural commodities (with annexes). Signed at Seoul on 26 February 1969**

*Authentic text : English.*

*Registered by the United States of America on 5 January 1970.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
RÉPUBLIQUE DE CORÉE**

**Accord supplémentaire relatif à la vente de produits agricoles (avec annexes). Signé à Séoul le 26 février 1969**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 5 janvier 1970.*

SUPPLEMENTARY AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF KOREA FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Republic of Korea have agreed to the sales of the agricultural commodities specified below. This Agreement shall consist of the Preamble, Parts I and III, and the Local Currency Annex of the Agreement signed March 25, 1967,<sup>2</sup> and the Convertible Local Currency Credit Annex of the Supplementary Agreement signed October 23, 1968,<sup>3</sup> together with the following Part II :

PART II

PARTICULAR PROVISIONS

*Item I.* Commodity Table :

A. Convertible Local Currency Credit Terms

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (in millions)</i>
Corn . . . . .	United States Fiscal Year 1969	45,000 metric tons	\$2.0
Corn . . . . .	United States Fiscal Year 1970	90,000 metric tons	\$4.0
Corn . . . . .	United States Fiscal Year 1971	135,000 metric tons	\$5.9
Wheat/wheat flour	United States Calendar Year 1969	280,000 metric tons	\$17.8
Ocean transportation (estimated) . . . . .			\$3.1
			Sub-total \$32.8

<sup>1</sup> Came into force on 26 February 1969 by signature, in accordance with part III (B).

<sup>2</sup> United Nations, *Treaty Series*, vol. 685, p. 101.

<sup>3</sup> See p. 31 of this volume.

## B. Local Currency Terms

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (in millions)</i>
Wheat/wheat flour	United States Calendar Year 1969	370,000 metric tons	\$23.55
Cotton . . . . .	United States Calendar Year 1969	160,000 bales	\$20.05
Tallow, inedible . . . . .	United States Calendar Year 1969	34,000 metric tons	\$4.25
Lard . . . . .	United States Calendar Year 1969	10,000 metric tons	\$1.35
			Sub-total \$49.20
C. Total . . . . .			\$82.00

*Item II.* Payment Terms :

## A. Convertible Local Currency Credit

1. Initial Payment—5 percent.
2. Currency Use Payment—30 percent of the dollar amount of the disbursements by the Government of the exporting country under this Agreement is payable upon demand by the Government of the exporting country, in amounts as it may determine and in accordance with paragraph 6 of the Convertible Local Currency Credit Annex applicable to this Agreement. No request for payment will be made by the Government of the exporting country prior to the first disbursement by the Commodity Credit Corporation under this Agreement and the final payment will be requested no later than 30 days after the end of the period during which deliveries are made under this Agreement.
3. Number of Installment Payments—31.
4. Amount of Each Installment Payment—approximately equal annual amounts.
5. Due Date of the First Installment Payment—10 years after the date of the last delivery of commodities in each calendar year.
6. Initial Interest Rate—2 percent.
7. Continuing Interest Rate—3 percent.

## B. Local Currency Terms

1. Initial Payment in Dollars—none.
2. Proportions of local currency indicated for specified purposes—
  - a. U.S. expenditures—29 percent

- b. Section 104 (e) loans to private enterprise—6 percent
- c. Section 104 (c) grant for common defense—65 percent

3. Convertibility—section 104 (b)—(1) \$984,000.

*Item III.* Usual Marketing Table :

<i>Commodity</i>	<i>Import Period</i>	<i>Usual Marketing Requirement</i>
Cotton	United States Calendar Year 1969	60,000 bales of which at least 55,000 bales shall be imported from the USA. Of the 60,000 bales at least 30,000 bales shall be imported by June 30; 45,000 bales by September 30; and 60,000 bales by December 31.
Wheat/ wheat flour	United States Calendar Year 1969	200,000 metric tons

*Item IV.* Export Limitations :

A. With respect to each commodity financed under this Agreement, the export limitation period for the same or like commodity shall be the supply periods indicated in Item I and each subsequent period during which the commodity financed under this Agreement that is the same or like such commodity, is being imported.

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 : for wheat/wheat flour—food grains; for cotton—cotton, including the cotton content of textiles or yarns; for tallow, inedible—tallow, inedible; and lard.

C. Permissible Exports

<i>Commodity</i>	<i>Quantity or Conditions on Which it may be Exported</i>	<i>Period During Which Such Exports are Permitted</i>
Cotton textiles including yarns	The cotton content equivalent in weight to 60,000 bales (480 pounds net) plus additional such textiles provided Korea imports from the United States with its own resources by March 31, of the succeeding Calendar Year, cotton equivalent in weight of such exports in addition to the 55,000 bales provided in Item III.	United States Calendar Year 1969 and during each subsequent Calendar Year cotton financed under this Agreement is being imported.

*Item V.* Self-help Measures :

In consideration of section 103 (a) and section 109 of the Act, the Government of the importing country undertakes the following :

1. To review and revise grain price and subsidy policies to provide further incentives for farmers to increase production;
2. To make the necessary arrangements, including the provision of additional subsidies and loan funds to be requested of the legislature, to distribute 500,000 metric tons of limestone for use on Korean farms, and to increase fertilizer availability by at least 15 percent during Calendar Year 1969;
3. To provide sufficient funds from budgetary and other sources to insure : (a) that adequate short term credit is available to farmers to utilize the additional lime and fertilizer inputs; (b) the development of a major program of medium and long term farm credit to increase agricultural production; and (c) expanded commercial credit available to organizations which supply farm inputs and market farm products;
4. To expand and improve seed research and dissemination of new seed varieties, and seed marketing and processing facilities;
5. To strengthen food marketing through improved grading, storage and transportation facilities, encouraging maximum participation by private commercial enterprise; and
6. To develop a comprehensive land and water use policy based on economic feasibility analyses of alternative land development, irrigation and conservation projects, with the aim of achieving maximum returns in additional production from investments in these areas.

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

For economic development purposes, as may be mutually agreed upon, including the use for self-help measures included in Item V.

*Item VII.* 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 traveling 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 of the importing country.

2. The currency use payment under Item II A 2, of this Agreement shall be credited against (a) the full amount of each year's interest payment due during the period prior to the due date of the first installment payment (starting with the first year), plus (b) 50 percent of the combined payments of principal and interest starting with the first installment payment, until the value of the currency use payments has been offset. The amount on deposit in the special account provided for in paragraph 4 of the Convertible Local Currency Credit Annex may be reduced by an amount equivalent to the currency use payments.

3. It is understood that near the end of United States Fiscal Years 1969 and 1970 there will be an annual review to determine the quantity of corn to be provided in the succeeding supply period. The review will take into consideration progress in Korea's livestock development program, including participation by private enterprise, progress in the implementation of Private Trade Entity Agreements, levels of commercial corn imports, the need for corn imports in succeeding years for livestock feeding, and other relevant matters. Subject to the supply and availability of corn, consideration may be given to increasing the quantity of corn to be supplied by supplemental agreement.

4. The Government of the importing country shall bear the cost of the port charges at the discharge port. Accordingly, the balance of the ocean transportation costs to be financed on credit terms pursuant to paragraph 1 of the Convertible Local Currency Credit Annex shall be reduced by 10 percent of the ocean transportation costs on the packaged commodities carried as liner parcels where the freight rate includes the cost of stevedoring at the discharge port and by 2 percent on all other shipments.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Seoul, Korea, in duplicate, this 26th day of February 1969.

For the Government  
of the United States of America :

William J. PORTER  
Ambassador  
of the United States of America

For the Government  
of the Republic of Korea :

Choong H. PARK  
Deputy Prime Minister and Minister,  
Economic Planning Board