

No. 10631

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

Agreement for sales of agricultural commodities (with annexes). Signed at Seoul on 20 March 1970

Authentic text: English.

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

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

**Accord relatif à la vente de produits agricoles (avec annexes).
Signé à Séoul le 20 mars 1970**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 3 août 1970.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE
UNITED STATES OF AMERICA AND THE GOVERN-
MENT 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, 1967,² and the Convertible Local Currency Credit Annex of the Supplementary Agreement signed October 23, 1968,³ together with the following Part II:

PART II
PARTICULAR PROVISIONS

Item I. Commodity Table:

A. Convertible Local Currency Credit

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (Millions)</i>
Rice (brown basis)	United States Calendar Year 1970	270,000 metric tons	\$40.5
		Sub-total	<u>\$40.5</u>
 B. Local Currency Terms			
Wheat/Wheat flour	United States Calendar Year 1970	650,000 metric tons	\$35.4
Cotton	United States Calendar Year 1970	160,000 bales	\$18.4
		Sub-total	<u>\$53.8</u>
		TOTAL	<u>\$94.3</u>

¹ Came into force on 20 March 1970 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, Vol. 685, p. 101.

³ *Ibid.*, Vol. 707, p. 31.

Item II. Payment Terms:

A. Convertible Local Currency Credit

1. Initial Payment—None
2. Currency Use Payment—None
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—None
2. Proportions of Local Currency Indicated for Specified Purposes:
 - a. U.S. expenditures—34 percent
 - b. Section 104(e) loans to private enterprise—6 percent
 - c. Section 104(c) grant for common defense—60 percent
3. Convertibility:
 - a. Section 104(b)(1) purposes—\$1,076,000.
 - b. Section 104(b)(2) purposes—\$150,000.

Item III. Usual Marketing Table:

<i>Commodity</i>	<i>Import Period</i>	<i>Usual Marketing Requirement</i>
Cotton	United States Calendar Year 1970	60,000 bales of which 55,000 bales shall be from the United States. 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 1970	270,000 metric tons
Rice	United States Calendar Year 1970	None

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 cotton content of textiles or yarns; and for rice—rice in the form of paddy, or brown, or milled rice.

C. Permissible Exports—If Korea's textile exports during CY 1970 exceed the cotton content of 60,000 bales, the Government of the Republic of Korea agrees to import from the United States with its own resources raw cotton equivalent by weight to the cotton content of such excess textile exports.

Item V. Self-Help Measures:

The Government of the importing country is undertaking:

1. To review and further revise grain price policies to provide further incentives for farmers to increase production.
2. To make the necessary arrangements, including the provision of funds for subsidies and loans, to:
 - a. Encourage private production, marketing and distribution of limestone for use in agriculture;
 - b. Distribute at least 500,000 metric tons of limestone and make every reasonable effort to reach the target of 750,000 metric tons of limestone for use on Korean farms during the 12-month period following the signing of this Agreement.
3. To provide sufficient funds from budgetary and other sources to insure that:
 - a. Adequate credit is available to farmers to increase fertilizer application by at least 15 percent during the 12-month period;
 - b. A major program of medium and long-term farm credit to increase agricultural production is established.

4. To continue to expand and improve seed research and dissemination of new seed varieties, and seed marketing and processing facilities.
5. To strengthen domestic food marketing through improved grading, storage and transportation facilities and encouragement of maximum participation by private commercial enterprise.
6. To continue 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 economic returns and enhance the position of farmer controlled enterprises.
7. To develop and implement forward-looking farm mechanization policies which will consider both economic returns and social impact, and which will enhance the position of farmer controlled enterprises.
8. To adopt policies which encourage and strengthen member control of farmer organizations.
9. To broaden present crop protection programs and activities to include protection against rodents and to extend this protection to stored grains.
10. To conduct a thorough and comprehensive analysis of the agricultural sector.
11. To support the continued improvement of the National Family Planning Program by:
 - a. Allocating sufficient budget funds to the Bureau of Statistics for the improvement of vital statistics registration;
 - b. Improving the organizational logistics management of the Family Planning Program within the Ministry of Health and Social Affairs and provide budgetary support for such action;
 - c. Expanding the operational budget for family planning and increase construction of health centers and health subcenters;
 - d. Making every possible effort to assign all Government family planning personnel as a part of the regular civil service.

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

The proceeds accruing to the Government of the importing country under the Convertible Local Currency Credit portion of the Agreement will be used to capitalize agricultural and grain price stabilization accounts, except for the won equivalent of \$15,000,000 of such generations capitalizing the National Agricultural Cooperatives Federation fertilizer account.

Item VII. Ocean Freight Financing:

The Government of the exporting country shall bear the cost of ocean freight differential for commodities it requires to be carried in United States flag vessels, but notwithstanding the provisions of paragraph 1 of the Convertible Local Currency Credit Annex, it shall not finance the balance of the cost of ocean transportation of such commodities.

Item VIII. Other Provisions:

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.

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

DONE at Seoul, Korea, in duplicate, this 20th day of March 1970.

For the Government
of the United States of America:

For the Government
of the Republic of Korea:

[Signed]

[Signed]

WILLIAM J. PORTER

KIM HAK-YUL

Ambassador
of the United States of America

Deputy Prime Minister and Minister,
Economic Planning Board