

No. 10935

**UNITED STATES OF AMERICA
and
CEYLON**

**Third Supplementary Agreement for sales of agricultural
commodities (with annex and exchange of notes). Signed
at Colombo on 27 September 1970**

Authentic texts of the Agreement: English and Sinhalese.

Authentic text of notes: English.

Registered by the United States of America on 2 February 1971.

**ÉTATS-UNIS D'AMÉRIQUE
et
CEYLAN**

**Troisième accord supplémentaire relatif à la vente de produits
agricoles (avec annexe et échange de notes). Signé à
Colombo le 27 septembre 1970**

Textes authentiques de l'Accord: anglais et cinghalais.

Texte authentique des notes: anglais.

Enregistré par les États-Unis d'Amérique le 2 février 1971.

**THIRD SUPPLEMENTARY AGREEMENT¹ BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF CEYLON FOR SALES OF
AGRICULTURAL COMMODITIES**

The Government of the United States of America and the Government of Ceylon, as a third supplement to the Agreement for Sales of Agricultural Commodities between the two Governments signed on October 27, 1967² (hereafter referred to as the October Agreement), have agreed to the sales of the agricultural commodities specified below. This agreement shall consist of the Preamble, Parts I and III, and the Dollar Credit Annex of the October Agreement and the following Part II:

PART II

PARTICULAR PROVISIONS

Item I. Commodity Table:

<i>Commodity</i>	<i>Supply Period (Calendar Year)</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value (Millions)</i>
Wheat/Wheat Flour	1970	160,000 (wheat flour equivalent)	<u>\$14.0</u>
		TOTAL	<u>\$14.0</u>

Item II. Payment Terms:

Dollar Credit

1. Initial Payment — None
2. Number of Installment Payments — 19
3. Amount of Each Installment Payment — First three, \$100,000 each; balance in 16 approximately equal annual amounts.
4. Due Date of First Installment Payment — 2 years after the date of last delivery of commodities in each calendar year.
5. Initial Interest Rate — 2 percent.
6. Continuing Interest Rate — 3 percent.

¹ Came into force on 27 September 1970 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 696, p. 319.

Item III. Usual Marketing Table:

<i>Commodity</i>	<i>Import Period (Calendar Year)</i>	<i>Usual Marketing Requirement</i>
Wheat/Wheat flour	1970	200,000 metric tons (wheat flour equivalent)

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 calendar year 1970 or any subsequent calendar year during which each commodity financed under this agreement is being imported and utilized. Export limitations, however, shall not apply to re-export of wheat or wheat flour to repay temporary loans of the same or similar commodity to meet temporary shortages due to natural disasters.

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 financed under this agreement are: Food grains and products thereof including wheat, wheat flour, corn, millet and rice.

Item V. Self-Help Measures:

The October 27, 1967, June 21, 1968,¹ and February 19, 1969² agreements list specific self-help measures to be undertaken by the Government of Ceylon. The Government of Ceylon continues to accord high priority to their execution.

The Government of Ceylon will particularly strive to carry out actions responsive to the following prior agreed measures:

- (1) Creation of a favorable climate for investment in agriculture.
- (2) Increasing the productivity of presently irrigated lands, particularly through improved water management.

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

The sales proceeds accruing to the importing country from sales of commodities received under this agreement shall be devoted to achievement of the agricultural self-help measures specified in Item V and to other economic development objectives as mutually agreed upon.

¹ United Nations, *Treaty Series*, vol. 719, p. 95.

² *Ibid.*, vol. 707, p. 157.

Item VII. Differential (Ocean Freight):

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 Dollar Credit Annex, it shall not finance the balance of the cost of ocean transportation of such commodities.

Item VIII. Sales of U.S.-Owned Ceylonese Rupees:

The Government of the importing country undertakes to permit the Government of the exporting country to sell to U.S. citizens the dollar equivalent of \$200,000 in Ceylonese Rupees which accrued to the Government of the exporting country through repayments of principal and interest on loans authorized under Section 104 (*f*) of PL 480 and under the Foreign Assistance Act of 1961 as amended, and legislation for predecessor programs.

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

DONE at Colombo, in duplicate, this 27 day of September, 1970.

For the Government
of the United States of America :

ROBERT STRAUSSZ-HUPÉ

For the Government
of Ceylon :

G. GUNATILLEKE

EXCHANGE OF NOTES

I

*The American Ambassador to the Additional Permanent Secretary,
Ministry of Planning and Employment of Ceylon*

EMBASSY OF THE UNITED STATES OF AMERICA

Colombo, 27 September 1970

Excellency:

I have the honor to refer to the Third Supplementary Agreement to the October 27, 1967, Agreement signed today between our governments pertaining to the sale of certain P.L. 480 agricultural commodities to the Government of Ceylon.

I would like to propose that the Government of Ceylon accelerate repayments under P.L. 480 Loan Agreements 383-G-008 dated September 22, 1961, and 383-G-009 dated August 31, 1962,* as follows:

A. The United States Government will, after October 1, 1970, make periodic calls for prepayment of Ceylon Rupees as needed to meet the United States Government's rupee obligations in an amount of up to four-million-two-hundred-sixty-thousand rupees (Rs. 4,260,000) due under Agreement 383-G-008 and in an amount of up to two-million-two-hundred-thousand-rupees (Rs. 2,200,000) due under Agreement 383-G-009. In response to these calls the Government of Ceylon will make prompt deposits (within five working days) to the account of the United States Disbursing Officer in Colombo.

B. The United States Government will apply each rupee deposit as a prepayment of the unpaid balance of the respective loan agreements. Prepayments made by the Government of Ceylon shall apply to the principal installments in inverse order of maturity.

C. Except as provided herein all terms and conditions of the respective loan agreements shall continue to apply to the prepayments.

The Government of the United States agrees to the Government of Ceylon's request for approval to purchase up to 28,000 metric tons of wheat under the terms of the Third Supplementary Agreement to the Agreement of October 27, 1967, with the understanding, however, that:

(a) the wheat to be purchased is for use in repaying the Government of India for an equivalent amount of wheat flour borrowed from India early in Calendar Year 1970 to meet Ceylon's emergency flood relief needs attributable to the December 1969 floods, and

* Not printed.

- (b) one-half of the wheat purchased from the United States will be milled in Ceylon and the remaining half may be shipped directly to India if the Government of Ceylon so desires, and
- (c) The Government of Ceylon is not relieved of the obligation to deposit local currency (Ceylon Rupees), equivalent to the dollar disbursements by the United States Government, to a special account as provided in Paragraph 4 of the Dollar Credit Annex to the basic Agreement of October 27, 1967.

I have the honor to propose that this letter and your reply thereto shall constitute an Agreement between the Government of Ceylon and the Government of the United States which shall enter into force on the date of your reply.

Sincerely,

[Signed]

ROBERT STRAUZ-HUPÉ

His Excellency Mr. G. G. D. S. P. Gunatilleke
Additional Permanent Secretary
Ministry of Planning and Employment

II

*The Additional Permanent Secretary, Ministry of Planning and Employment
of Ceylon, to the American Ambassador*

MINISTRY OF PLANNING AND EMPLOYMENT

COLOMBO 1

September 27, 1970

Excellency,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

[See note I]

I have the honour to confirm that your letter quoted above and this letter in reply thereto constitute an Agreement between our two Governments which shall enter into force on the date of this letter.

Yours sincerely,

[Signed]

G. G. D. S. P. GUNATILLEKE

His Excellency Dr. Robert Strausz Hupé
Ambassador of the United States of America in Ceylon
Colombo