

No. 11792

**UNITED STATES OF AMERICA
and
CEYLON**

**Agreement for sales of agricultural commodities (with annex).
Signed at Colombo on 20 December 1971**

Authentic texts: English and Sinhalese.

Registered by the United States of America on 24 April 1972.

**ÉTATS-UNIS D'AMÉRIQUE
et
CEYLAN**

**Accord relatif à la vente de produits agricoles (avec annexe).
Signé à Colombo le 20 décembre 1971**

Textes authentiques: anglais et cinghalais.

Enregistré par les États-Unis d'Amérique le 24 avril 1972.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE
UNITED STATES OF AMERICA AND THE GOVERN-
MENT OF CEYLON FOR SALES OF AGRICULTURAL
COMMODITIES

The Government of the United States of America and the Government of Ceylon have agreed to the sales of the agricultural commodities specified below. This agreement shall consist of the Preamble and Parts I and III of the October 27, 1967 Agreement,² the following Part II and the attached Convertible Local Currency Credit Annex:

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 (Thousands)</i>
Wheat/Wheat Flour	1972	179,300 (wheat flour equivalent)	\$15,428

ITEM II. *Payment Terms*

Convertible Local Currency Credit

1. Initial Payment – None.
2. Number of Installment Payments – 31.
3. Amount of Each Installment Payment – Approximately equal annual amounts.
4. Due Date of First Installment Payment – 10 years after the date of last delivery of commodities in each calendar year.
5. Initial Interest Rate – 2 per cent.
6. Continuing Interest Rate – 3 per cent.

¹ Came into force on 20 December 1971 by signature, in accordance with part III (B).

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

ITEM III. *Usual Marketing Requirements*

<i>Commodity</i>	<i>Import Period (Calendar Year)</i>	<i>Usual Marketing Requirements</i>
Wheat/Wheat Flour	1972	50,000 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 1972 or any subsequent Calendar Year during which each commodity financed under this agreement is being imported and utilized.

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: for wheat/wheat flour—wheat, wheat flour, semolina, farina, and bulgur.

ITEM V. *Self-Help Measures*

The Government of Ceylon will continue directing attention to:

- (1) Maintaining a favorable investment climate for agriculture.
- (2) Increasing land productivity by the improvement and expansion of water management practices.

Additional emphasis will be placed on:

- (3) Intensifying and expanding crop diversification programs and adopting appropriate producer price incentives.

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.

ITEM VII. *Ocean Freight (Differential)*

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*

The Government of the United States agrees to the Government of Ceylon's request for approval to purchase 25,691.14 metric tons of wheat under the terms of this agreement, 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
- B. The Government of Ceylon pay the Government of the United States under the terms and conditions of the Convertible Local Currency Credit Annex to this Agreement.

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

DONE at Colombo in duplicate, this 20th day of December 1971.

For the Government
of the United States of America:

P. J. PETERSON

For the Government
of Ceylon:

H. A. DE S. GUNASEKERA

CONVERTIBLE LOCAL CURRENCY CREDIT ANNEX TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CEYLON FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on convertible local currency 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 Government 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, 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 dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in such calendar year, except that if the installment payments for these commodities are not due on some anniversary of such date of last delivery, any such interest accrued on the due date of the first installment payment shall be due on the same date as the first installment and thereafter such interest shall be paid on the due dates of the subsequent installment payments. 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 non-governmental 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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