

**No. 11803**

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

**Agreement for sales of agricultural commodities (with annex).  
Signed at Seoul on 14 February 1972**

*Authentic text : English.*

*Registered by the United States of America on 5 May 1972.*

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

**Accord relatif à la vente de produits agricoles (avec annexe). Signé  
à Séoul le 14 février 1972**

*Texte authentique : anglais.*

*Enregistré par les Etats-Unis d'Amérique le 5 mai 1972.*

**AGREEMENT<sup>1</sup> 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 agricultural commodities specified below. This Agreement shall consist of the preamble and parts I and III of the March 25, 1967<sup>2</sup> Agreement, the Convertible Local Currency Credit Annex of the October 23, 1968<sup>3</sup> Agreement, and the following part II :

**PART II  
PARTICULAR PROVISIONS**

*Item I.* Commodity Table :

<i>Commodity</i>	<i>Supply Period (United States Calendar Year)</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (Millions)</i>
Rice (Brown basis) . . . . .	1972	500,000 M/T	\$73.0
Wheat/Wheat Flour (Wheat basis) . . .	1972	750,000 M/T	44.1
Corn/Grain Sorghum (Corn basis) . . .	1972	160,000 M/T	8.9
Cotton . . . . .	1972	150,000 Bales	24.0
		TOTAL	\$150.0

*Item II.* Payment Terms :

Convertible Local Currency Credit

1. Initial Payment—5 percent of such amounts disbursed by the Govern-

<sup>1</sup> Came into force on 14 February 1972 by signature, in accordance with part III (B).

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

<sup>3</sup> *Ibid.*, vol. 707, p. 31.

ment of the exporting country under this Agreement, but not to exceed 5 percent of \$97.0 million.

2. **Currency Use Payment**—20 percent of the dollar amount of the financing by the Government of the exporting country under this Agreement, but not to exceed 20 percent of \$147.0 million, 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 requests 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.
3. **Number of Installment Payments**—31.
4. **Amount of Each Installment Payment**—approximately equal annual amounts.
5. **Due Date of First Installment Payment**—10 years after date of last delivery of commodities in each calendar year.
6. **Initial Interest Rate**—2 percent.
7. **Continuing Interest Rate**—3 percent.

*Item III. Usual Marketing Table :*

<i>Commodity</i>	<i>Import Period (United States Calendar Year)</i>	<i>Usual Marketing Requirement</i>
Wheat/Wheat Flour (Wheat basis) . . .	1972	375,000 metric tons
Corn/Grain Sorghum . . . . .	1972	98,000 metric tons
Cotton . . . . .	1972	105,000 bales (of which at least 100,000 bales shall be imported from the United States of America)

*Item IV. Export Limitations :*

A. With respect to each commodity financed under this agreement, the export limitation period for the same or like commodities shall be United States Calendar Year 1972 and each subsequent calendar year during which the commodities financed under this agreement are 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 rice—rice in the form of paddy, or brown, or

milled; for wheat/wheat flour—wheat/wheat flour and products thereof; for corn/grain sorghum—corn, grain sorghum, barley, oats and products thereof; for cotton—cotton, upland, cotton textiles (including yarn and waste).

### C. Permissible Exports :

<i>Commodity</i>	<i>Quantity and Conditions</i>	<i>Period Exports Permitted</i>
Cotton textiles. . .	Raw cotton content equivalent in weight to 70,000 bales (480 pounds net) during U.S. CY 1972. If this export quantity is exceeded, the raw cotton equivalent in weight of such cotton textile exports will, in addition to the U.S. portion of the UMR provided in item III, be imported from the United States by the Republic of Korea with its own resources, but such offset purchase requirement need not exceed the level of total PL 480, Title I imports during the supply period.	During U.S. CY 1972 and any subsequent comparable supply period during which cotton purchased under this agreement is being imported or utilized.

### *Item V. Self-Help Measures :*

In furtherance of its Third Five Year Plan goals, the Government of the Republic of Korea is undertaking to :

1. Achieve future self-sufficiency in major grains by increasing the distribution of new rice varieties; promoting increased distribution of fertilizer; reducing grain losses through expansion and improvement of storage facilities; providing additional credit for agricultural mechanization; continuing to rearrange rice land; and expanding irrigation facilities.

2. Further reduce population growth by continuing to expand and improve family planning services throughout the country.

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

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

*Item VII.* Other Provisions :

A. 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.

B. Notwithstanding paragraph 4 of the Convertible Local Currency Credit Annex, the Government of the importing country may withhold from deposit in the special account referred to in such paragraph so much of the proceeds accruing to it from the sales of commodities financed under this agreement as is equal to the amount of the currency use payment made by the Government of the importing country.

C. The currency use payment under part II, item II 2 of this Agreement shall be credited against the 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 the combined payments of principal and interest starting with the first installment payment until value of the currency use payment has been offset.

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

DONE at Seoul, in duplicate, this 14th day of February 1972.

For the Government  
of the United States of America :

[Signed]

MICHAEL H. B. ADLER  
Director, United States Agency for  
International Development and  
Counselor of Embassy for Eco-  
nomic Affairs

For the Government  
of the Republic of Korea :

[Signed]

TAE, WAN SON  
Deputy Prime Minister and Minister,  
Economic Planning Board