

No. 12100

**UNITED STATES OF AMERICA
and
REPUBLIC OF VIET-NAM**

**Agreement for sales of agricultural commodities (with
annex). Signed at Saigon on 19 April 1972**

Amendments to the above-mentioned Agreement

Authentic texts of the Agreement and the Amendments: English.

*The Agreement and the certified statements were registered by the United States
of America on 17 October 1972.*

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DU VIET-NAM**

**Accord relatif à la vente de produits agricoles (avec annexe).
Signé à Saigon le 19 avril 1972**

Modifications visant l'Accord susmentionné

Textes authentiques de l'Accord et des Modifications : anglais.

*L'Accord et les déclarations certifiées ont été enregistrés par les États-Unis
d'Amérique le 17 octobre 1972.*

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF VIET-NAM FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Republic of Viet-Nam have agreed to the sales of agricultural commodities specified below. This Agreement shall consist of the Preamble and Parts I and III of the July 8, 1970 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 (United States)</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (Millions)</i>
Non-Fat Dry Milk	FY 1972	7,710 M.T.	\$6.2
Tobacco	FY 1972	3,500 M.T.	8.5
Inedible Tallow	FY 1972	2,000 M.T.	0.4
Barley	FY 1972	3,600 M.T.	0.3
Cotton, upland	FY 1972	30,000 bales	5.9
Corn and/or grain sorghum	FY 1972	40,000 M.T.	9.9
Rice	CY 1972	63,000 M.T.	2.4
		TOTAL	33.6

Item II. Payment Terms:

Convertible Local Currency Credit

1. Initial Payment — None
2. Currency Use Payment — Up to 100 percent of the dollar amount disbursed by the Government of the exporting country plus accrued interest. The currency use payment 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 under this agreement.

Proportions of Currency Use Payments Indicated for Specified Purposes:

- a) Section 104 (a) U.S. Expenditures — 20 percent of the amount disbursed, plus accrued interest.
 - b) Section 104 (c) Grant for Common Defense — up to 80 percent of the amount disbursed.
3. Number of Installment Payments — 31

¹ Came into force on 19 April 1972 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 775, p. 107.

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 Requirements: None

Item IV. Export Limitations:

A. The export limitation period shall be U.S. Fiscal Year 1972 or any subsequent United States Fiscal Year during which the commodities financed under this agreement are being imported or utilized.

B. For 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 non-fat dry milk — non-fat dry milk; for inedible tallow — tallow; for corn and/or grain sorghums and barley — corn, cornmeal, barley, grain sorghums, rye, and oats, including mixed feeds containing predominantly such grains; for cotton, upland — upland cotton and cotton textiles (including yarn, and waste); for rice — paddy, brown rice and milled rice.

C. Permissible Exports

<i>Commodity</i>	<i>Quantity</i>	<i>Period</i>
Rice noodles and paper	200 M.T.	CY 1972

Item V. Self-Help Measures:

A. The Government of the Republic of Viet-Nam agrees to:

1. Continue to accelerate in increased pork production.
2. Continue efforts to expand the use of improved poultry parent stock and increase domestic production of chicks and eggs.
3. Provide for increased availability of mixed feeds, feed processing and mixing equipment and expand the domestic feed-grain production program.
4. Continue the improvement of animal slaughtering and meat processing procedures and development of a grading system to allow improved domestic supply of meats.
5. Continue efforts to produce, store, distribute and use animal health products and veterinary biologicals and to train in correct vaccination procedures and handling animal health products.
6. Continue support and recognition of private sector producer associations.
7. Encourage a policy of taxation favorable to new and developing segments of the livestock industry.
8. Accelerate development of a system within the commercial sector for acquiring sufficient reserve corn stocks that will:
 - (1) Enhance market price stability despite variations in consumption.
 - (2) Preclude emergency import procurements.
9. Develop facilities for bulk handling and storage of grain at ports.
10. Continue research trials of corn and grain sorghums to produce better quality and expand domestic production to self-sufficient levels.

11. Establish a policy to protect and encourage feedgrain production in South Viet-Nam.
12. Encourage production oilseeds in order to meet domestic requirements.

B. The Government of the Republic of Viet-Nam will accord high priority to the above self-help measures and place particular emphasis on developing taxation, licensing and importation policies conducive to private sector development of the livestock and feed-grain industries.

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. 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:

A. The currency use payment under Part II, Item II 2 of this agreement shall be credited against (a) 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 (b) the combined payments of principal and interest starting with the first installment payment, until value of the currency use payment has been offset.

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, or may withdraw from amounts deposited therein, so much of the proceeds accruing to it from the sale of commodities financed under this agreement as is equal to the amount of the currency use payments made by the Government of the importing country.

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

DONE at Saigon, in duplicate, this nineteenth day of April, 1972

For the Government
of the United States of America:

[Signed]

ELLSWORTH BUNKER
American Ambassador

For the Government
of the Republic of Viet-Nam:

[Signed]

TRAN VAN LAM
Minister of Foreign Affairs

CONVERTIBLE LOCAL CURRENCY CREDIT ANNEX TO THE AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT
OF VIETNAM 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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AMENDMENTS TO THE AGREEMENT OF 19 APRIL 1972¹ BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE REPUBLIC OF VIET-NAM FOR SALES
OF AGRICULTURAL COMMODITIES

By an agreement in the form of an exchange of notes dated at Saigon on 27 April 1972, which came into force on 27 April 1972, the date of the note in reply, in accordance with the provisions of the said notes, the above-mentioned Agreement of 19 April 1972 was amended as follows:

In Part II, item commodity table, add under appropriate headings as a separate line item: Rice, CY 1972, 21,500 M/T, \$3.1 million. Increase the Agreement total to \$36.7 million.

By an agreement in the form of an exchange of notes dated at Saigon on 18 May 1972, which came into force on 18 May 1972, the date of the note in reply, in accordance with the provisions of the said notes, the above-mentioned Agreement of 19 April 1972 was amended as follows:

In Part II, item I, commodity table, increase maximum export market value for 63,000 metric tons rice to \$10.8 million, and increase the Agreement total to \$37.6 million.

By an agreement in the form of an exchange of notes dated at Saigon on 24 May 1972, which came into force on 24 May 1972, the date of the note in reply, in accordance with the provisions of the said notes, the above-mentioned Agreement of 19 April 1972 was amended as follows:

In Part II, Item I, commodity table, increase line item for 63,000 M/T price to 198,000 M/T and \$32.4 million: increase total to \$59.2 million.

¹ See p. 276 of this volume.