No. 12244

UNITED STATES OF AMERICA
and
PORTUGAL

Agreement for sales of agricultural commodities (with annex). Signed at Lisbon on 30 June 1972

Authentic text: English.

Registered by the United States of America on 29 December 1972.

ÉTATS-UNIS D'AMÉRIQUE
et
PORTUGAL

Accord relatif à la vente de produits agricoles (avec annexe). Signé à Lisbonne le 30 juin 1972

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 29 décembre 1972.

AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PORTUGAL FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of Portugal,

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and Portugal (hereinafter referred to as the importing country) and with other friendly countries in a manner that will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Recognizing the policy of the exporting country to use its agricultural productivity to encourage friendly countries to improve their own agricultural production, and to assist them in their economic development;

Recognizing the determination of the importing country to improve its own production, storage, and distribution of agricultural food products, including the reduction of waste in all stages of food handling;

Desiring to set forth the understandings that will govern the sales of agricultural commodities to the importing country pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), and the measures that the two Governments will take individually and collectively in furthering the above-mentioned policies;

Have agreed as follows:

PART I

GENERAL PROVISIONS

Article I

A. The Government of the exporting country undertakes to finance the sale of agricultural commodities to purchasers authorized by the Government of the importing country in accordance with the terms and conditions set forth in this Agreement, including the applicable annex which is an integral part of this Agreement.

B. The financing of the agricultural commodities listed in part II of this Agreement will be subject to:

1. the issuance by the Government of the exporting country of purchase authorizations and their acceptance by the Government of the importing country; and
2. the availability of the specified commodities at the time of exportation.

C. Application for purchase authorizations will be made within 90 days after the effective date of this Agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase

[1] Came into force on 30 June 1972 by signature, in accordance with part III (B).

authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this Agreement shall be made within the supply periods specified in the commodity table in part II.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of financing authorized under this Agreement shall not exceed the maximum export market value specified for that commodity and type of financing in part II. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in part II.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the Agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no responsibility to reimburse the Government of the exporting country or to deposit any local currency of the importing country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.

H. The financing, sale, and delivery of commodities under this Agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale, or delivery is unnecessary or undesirable.

Article II

A. *Initial Payment*

The Government of the importing country shall pay, or cause to be paid, such an initial payment as may be specified in part II of this Agreement. The amount of this payment shall be that proportion of the purchase price (excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in part II and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

B. *Type of Financing*

Sales of the commodities specified in part II shall be financed in accordance with the type of financing indicated therein, and special provisions relating to the sale are also set forth in part II and in the applicable annex.

C. *Deposit of Payments*

The Government of the importing country shall make, or cause to be made, payments to the Government of the exporting country in the currencies, amounts, and at the exchange rates specified elsewhere in this agreement as follows:

1. Payments in the local currency of the importing country (hereinafter referred to as local currency) shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.

2. Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington, D.C. 20250, unless another method of payment is agreed upon by the two Governments.

Article III

A. *World Trade*

The two Governments shall take maximum precautions to assure that sales of agricultural commodities pursuant to this Agreement will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with countries the Government of the exporting country considers to be friendly to it (referred to in this Agreement as friendly countries). In implementing this provision the Government of the importing country shall:

1. insure that total imports from the exporting country and other friendly countries into the importing country paid for with the resources of the importing country will equal at least the quantities of agricultural commodities as may be specified in the usual marketing table set forth in part II during each import period specified in the table and during each subsequent comparable period in which commodities financed under this Agreement are being delivered. The imports of commodities to satisfy these usual marketing requirements for each import period shall be in addition to purchases financed under this Agreement.

2. take all possible measures to prevent the resale, diversion in transit, or transshipment to other countries or the use for other than domestic purposes of the agricultural commodities purchased pursuant to this Agreement (except where such resale, diversion in transit, transshipment or use is specifically approved by the Government of the United States of America); and

3. take all possible measures to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities financed under this Agreement during the export limitation period specified in the export limitation table in part II (except as may be specified in part II or where such export is otherwise specifically approved by the Government of the United States of America).

B. *Private Trade*

In carrying out this Agreement, the two Governments shall seek to assure conditions of commerce permitting private traders to function effectively.

C. *Self-Help*

Part II describes the program the Government of the importing country is undertaking to improve its production, storage, and distribution of agricultural commodities. The Government of the importing country shall furnish in such form and at such time as may be requested by the Government of the exporting country, a statement of the progress the Government of the importing country is making in carrying out such self-help measures.

D. *Reporting*

In addition to any other reports agreed upon by the two Governments, the Government of the importing country shall furnish at least quarterly for the supply period specified in item I, part II of this Agreement and any subsequent comparable period during which commodities purchased under this Agreement are being imported or utilized:

1. the following information in connection with each shipment of commodities received under the Agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; the condition in which received; the date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally, or, if shipped, where shipped;
2. a statement by its showing the progress made toward fulfilling the usual marketing requirements;
3. a statement of the measures it has taken to implement the provisions of sections A 2 and 3 of this article; and
4. statistical data on imports and exports by country of origin or destination of commodities which are the same as or like those imported under the Agreement.

E. *Procedures for Reconciliation and Adjustment of Accounts*

The two Governments shall each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide are appropriate.

F. *Definitions*

For the purpose of this Agreement:

1. delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier,
2. import shall be deemed to have occurred when the commodity has entered the country, and passed through customs, if any, of the importing country, and

3. utilization shall be deemed to have occurred when the commodity is sold to the trade within the importing country without restriction on its use within the country or otherwise distributed to the consumer within the country.

G. *Applicable Exchange Rate*

For the purposes of this Agreement, the applicable exchange rate for determining the amount of any local currency to be paid to the Government of the exporting country shall be a rate which is not less favorable to the Government of the exporting country than the highest of exchange rates legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest of exchange rates obtainable by any other nation. With respect to local currency:

1. As long as a unitary exchange rate system is maintained by the Government of the importing country, the applicable exchange rate will be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency.
2. If a unitary rate system is not maintained, the applicable rate will be the rate (as mutually agreed by the two Governments) that fulfills the requirements of the first sentence of this section G.

H. *Consultation*

The two Governments shall, upon request of either of them, consult regarding any matter arising under this Agreement, including the operation of arrangements carried out pursuant to this Agreement.

I. *Identification and Publicity*

The Government of the importing country shall undertake such measures as may be mutually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity as provided for in subsection 103(1) of the Act.

PART II

PARTICULAR PROVISIONS

ITEM I. *Commodity Table*

Commodity	*Supply Period (Calendar Year)*	*Approximate Maximum Quantity (Metric Tons)*	*Maximum Export Market Value ($1,000)*
Corn/Grain Sorghums	1972	277,000	$15,000
Corn/Grain Sorghums	1973	277,000	15,000
		TOTAL	$30,000

ITEM II. *Payment Terms*

Dollar Credit

1. Initial Payment—5 percent
2. Currency Use Payment—10 percent of the dollar amount of the financing by the Government of the exporting country under this agreement 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 dollar 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—15
4. Amount of Each Installment Payment—approximately equal annual installments
5. Due Date of First Installment Payment—one year from date of last delivery of commodities in each calendar year
6. Interest Rate—4 1/2 percent

ITEM III. *Usual Marketing Table*

Commodity	*Import period (Calendar Year)*	*Usual Marketing Requirements (Metric Tons)*
Corn/Grain Sorghums	1972	255,000
Corn/Grain Sorghums	1973	255,000

ITEM IV. *Export Limitations*

A. The export limitation period shall be calendar years 1972 and 1973 or any subsequent year during which commodities delivered under this Agreement are imported and utilized.

B. For purposes of part I, article III A 3 of the Agreement, commodities considered the same as or like the commodities financed under this Agreement are: for corn/grain sorghums—corn, cornmeal, barley, grain sorghums, rye, oats and any other feedgrain, including mixed feeds containing predominantly such grains.

ITEM V. *Self-Help Measures*

The Government of the importing country agrees to:

A. Pursue measures to increase agricultural production productivity through:
   1. the support of farmer associations in the development and expansion of small-scale irrigation works;
   2. the improvement of vineyards by replanting and by the use of mechanization appropriate to the planned scale of operations;
   3. the development of livestock by investing in grassland improvement and farm structures and by high levels of range and herd management.

B. Take steps to increase the economic and technical efficiency of its agricultural marketing by:
   1. expanding the network of slaughter and refrigerated distribution centers for livestock;
   2. increasing the capacity of storage and merchandising facilities for other agricultural products.

C. Undertake programs of reforestation in order to increase the output of forest products and contribute to other programs of soil and water conservation.

D. Attack problems of rural land tenure, including the problem of fragmented holdings.

E. Increase the rate of investment in rural infrastructures such as farm-to-market roads and rural electrification systems.

F. Institute a program of technical assistance in the Atlantic islands of Portugal.

G. Promote basic and applied research for agriculture in the physical, biological, and social sciences. Such research should be particularly supportive of the above-listed development projects and should be aimed at higher incomes and greater opportunities for remunerative employment for rural people.

ITEM VI. *Economic Development Purposes for Which Proceeds Accruing to Importing Country Are to Be Used*

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

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 dollar 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 dollar 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.

C. Notwithstanding any other provision of this Agreement or the dollar credit annex, the Government of the exporting country will accept only United States dollars for (1) the currency use payment to be made under part II, item II.2. of this Agreement and (2) installment payments of principal and interest under part II, item II of this Agreement.

PART III

FINAL PROVISIONS

A. This Agreement may be terminated by either Government by notice of termination to the other Government. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

B. This Agreement shall enter into force upon signature.

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

DONE at Lisbon, in duplicate, this 30th day of June 1972.

For the Government of the United States of America:	For the Government of Portugal:
[*Signed*]	[*Signed*]
RIDGWAY B. KNIGHT Ambassador	RUI PATRICIO Minister of Foreign Affairs

DOLLAR CREDIT ANNEX TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PORTUGAL FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on dollar 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 under this Agreement, 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 last delivery of these commodities in such calendar year. Interest shall be paid not later than the due date of each installment payment of principal, except that if the date of the first installment is more than a year after such date of last delivery, the first payment of interest shall be made not later than the anniversary date of such date of last delivery and thereafter payment of interest shall be made not later than the due date of each installment payment of principal. 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 nongovernmental 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.