

No. 13070

**UNITED STATES OF AMERICA
and
COLOMBIA**

Agreement for sales of agricultural commodities (with agreed official minutes). Signed at Bogotá on 24 April 1973

Exchange of notes constituting an agreement amending the above-mentioned Agreement (with related note dated 17 May 1973). Bogotá, 11 May 1973

Authentic text of the Agreement: English.

Authentic texts of the Exchange of notes: English and Spanish.

Registered by the United States of America on 12 February 1974.

**ÉTATS-UNIS D'AMÉRIQUE
et
COLOMBIE**

Accord relatif à la vente de produits agricoles (avec procès-verbal officiel approuvé). Signé à Bogotá le 24 avril 1973

Échange de notes constituant un accord portant modification de l'Accord susmentionné (avec note connexe en date du 17 mai 1973). Bogotá, 11 mai 1973

Texte authentique de l'Accord : anglais.

Textes authentiques de l'Échange de notes : anglais et espagnol.

Enregistrés par les États-Unis d'Amérique le 12 février 1974.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF COLOMBIA FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of Colombia have agreed to the sale of agricultural commodities specified below. This Agreement shall consist of the preamble, parts I and III of the March 4, 1970 Agreement,² and the Dollar Credit Annex of the May 31, 1968 Agreement,³ together with the following part II:

PART II. PARTICULAR PROVISIONS

Item I. Commodity Table:

<i>Commodity</i>	<i>Supply period (United States fiscal year)</i>	<i>Approximate maximum quantity (Metric tons)</i>	<i>Maximum export market value (Millions)</i>
Wheat/wheat flour	1973	89,000	\$8.89

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 Commodity Credit Corporation under this Agreement. Final demand for payment will be made no later than one year after either the date of the final disbursement by the Commodity Credit Corporation under this Agreement or the end of the supply period whichever is later.
3. Number and Amount of Installment Payments—19 approximately equal annual amounts.
4. Due Date of First Installment Payment—two 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 24 April 1973 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 806, p. 255.

³ *Ibid.*, vol. 702, p. 3.

Item III. Usual Marketing Table:

<i>Commodity</i>	<i>Import Period</i>	<i>Usual Marketing Requirement</i>
Wheat/wheat flour	United States Fiscal Year 1973	215,000 Metric Tons (All on non-discriminatory bidding)

Item IV. Export Limitations:

A. The export limitation period with respect to each commodity financed under this Agreement and for commodities the same as the commodities financed under this Agreement shall be United States fiscal year 1973 or any subsequent United States fiscal year during which the said commodities are being imported or utilized, whichever is later.

B. For the purposes of part I, article III A3 of the Agreement, the commodities considered to be the same as the commodities financed under this Agreement are: for wheat/wheat flour—wheat, wheat flour, rolled wheat, semolina, farina and bulgur (or same product under a different name).

Item V. Self-Help Measures:

The Government of Colombia shall continue to improve its production, storage, and distribution of agricultural commodities by:

1. Continuing to strengthen the planning office in the Ministry of Agriculture through the implementation of plans to upgrade its capability and utilization of technical advisory assistance.

2. Coordinating with the National Planning Department the implementation of a system of continuing analysis of the agricultural sector's problems to determine alternative opportunities as a basis for GOC policy decisions.

3. Providing 1973 and 1974 GOC budgets for the agricultural sector which adequately fund the sector's programs and reflect the policy decisions worked out.

4. Implementing a plan to establish a minimum of three pilot areas where credit and technical assistance in production and marketing will be coordinated with other input availability, feeder roads, etc., in an effort to raise the level of living and improve the quality of life of small farm operators with special attention to labor intensive crops and commodities.

5. Maintaining in operation a well established land reform program which can undertake additional titling goals for CY 1973.

6. Continuing to strengthen through DANE, systems of collection, computation and analysis of statistics to measure better the availability of agricultural inputs and progress in expanding production and increasing exports of agricultural commodities.

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

The proceeds accruing to the importing country from the sale of commodities financed under this Agreement will be used for financing the self-help measures set forth in item V above and for the following economic development sectors: Agriculture and transportation.

Item VII. Ocean Freight Financing:

The Government of the exporting country shall bear the cost of the 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:

1. 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 principle and interest starting with the first installment payment, until the value of the currency use payment has been offset.

2. Substitute the following for paragraph 4 of the dollar credit annex: "The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this Agreement, to be applied to the economic development uses set forth in part II of this Agreement, shall be not 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 (other than the ocean freight differential), provided, however, that the sales proceeds to be so applied shall be reduced by the payment, if any, made by the Government of the importing country pursuant to the proviso in section 103(b) of the Act (such payment is herein called "the currency use payment"). 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 accordance with its fiscal year budget reporting procedures, at such time as may be requested by the Government of the exporting country but not less often than annually, a report of the receipt and expenditures of the proceeds, certified by the appropriate audit authority of the Government of importing country, and in the case of expenditures the budget sectors in which they were used."

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

DONE at Bogota, in duplicate, this 24th day of April, 1973.

For the Government
of the United States of America:

L. J. SACCIO

For the Government
of Colombia:

HERNÁN VALLEJO MEJÍA

AGREED OFFICIAL MINUTES WITH REFERENCE TO THE WHEAT/WHEAT FLOUR AGREEMENT. SIGNED APRIL 24, 1973 BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF COLOMBIA UNDER TITLE OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED

Pursuant to discussions held by representatives of the Government of the United States of America and the Government of Colombia during the negotiations of the above-mentioned Agreement, it is understood that:

1. The exporting country will make every effort to issue purchase authorizations promptly following receipt of application. Terminal contracting and terminal delivery dates in purchase authorizations will be specified after careful consideration. As a general rule, extension of these dates is not made. If force majeure prevents the completion of deliveries within the period specified by the purchase authorization, the United States Department of Agriculture will consider a request for an extension. Such request should be in writing and should provide justification for the extension.

2. If the Colombian Government engages the services of a United States person or firm as its agent to handle procurement of the commodities and/or ocean transportation under the Agreement, such agent must be approved by the United States Department of Agriculture. A copy of the original Agreement between the agent and the Government of Colombia must be submitted to the United States Department of Agriculture for approval prior to the issuance of the applicable purchase authorization.

3. The Government of Colombia will designate one or more persons in the United States to consult with representatives of the Government of the United States to discuss the rules and procedures applicable to procurement, financing, reporting and ocean transportation, because of the complications involved in connection with the implementation of all the provisions of the Agreement. This consultation must be completed before any purchase authorizations are issued.

4. The Government of Colombia will designate individuals or agencies in the recipient country with whom representatives of the United States Government may consult regarding the implementation of the Agreement such as (1) commodity arrival and off-loading information, (2) marking or identifying and publicizing arrivals, (3) assurances against resale and transshipments, (4) compliance with usual marketing requirements, (5) data relating to imports and exports, (6) information on deposits of local currencies, (7) generation and use of currencies arising from credit sales for dollars or convertible local currency credit sales, (8) carrying out self-help measures, and (9) reconciliation of accounts. In general, the Ministry of Foreign Relations will be the Colombian agency designated for formal consultations. However, this does not preclude informal consultations with the agency or agencies more directly involved with the operation of the program.

5. All commodities covered by PL-480 Sales Agreements must be available at the time of delivery. The United States Government must reserve the right, therefore, to cancel any balance of a purchase authorization or to refuse to issue a purchase authorization after the commodity is determined to be no longer available. Purchase authorizations under the Agreement may be limited to certain grades or types of wheat.

6. While the proposed commodity composition as shown in part II, item I of the Agreement provides for 89,000 MT of wheat/wheat flour with an estimated market value of \$8.89 million, substantial reductions in the availability in the United States of wheat/wheat flour supplies for PL-480 programming during FY 1973 have made it necessary to reduce

issuance of purchase authorizations for Title I shipments of wheat/wheat flour during the remainder of FY 1973. Accordingly, the quantity of wheat for which purchase authorizations are presently planned under this Agreement is 74,700 MT with an estimated market value of \$7.4 million. If increased supplies of wheat/wheat flour become available for Title I programming before the end of FY 1973, some additional wheat/wheat flour may be provided under this Agreement.

7. The usual marketing requirement for wheat is presumed to be the minimum quantity that would be imported through normal commercial channels in the absence of a Title I Sales Agreement and, therefore, must be imported commercially even though the full allotment under Title I is not utilized.

8. Purchases against the usual marketing requirement are to be financed by the Government of Colombia from its own resources (not including AID financing) and all purchases will be made by IDEMA. Imports from countries that the United States does not consider friendly to it (for this purpose Soviet Bloc and Cuba, but not Poland and Yugoslavia), commodities imported under PL-480, or grants received from the United States or other sources cannot be counted toward the usual marketing requirement.

9. Should the United States Government authorize and finance deliveries of Title I commodities to extend beyond fiscal year 1973, the importing country will be required (article III, paragraph A 1) to maintain the same usual marketing requirement again for fiscal year 1974. If a usual marketing requirement different from that established in the Agreement is deemed appropriate, the Agreement will be amended.

10. The United States legislation requires: (1) that deposits of local currency to the United States account, if such are made, be at a rate which is not less favorable than the highest of exchange rates obtainable by any other nation, (2) if there is any change in the exchange system or in the level of the effective rate, or any other development which would require an adjustment in the deposit rate to comply with the legislation, the Government of the United States of America reserves the right to suspend deliveries pending negotiation of a mutually agreeable rate, and (3) local currencies owned by the Government of the United States of America may be deposited in interest bearing accounts as noted above.

11. The Government of Colombia agrees that the self-help provisions of this Agreement and the Agreement of March 4, 1970, shall remain in force until all conditions have been adhered to and that progress reports will be submitted to the Embassy. Only one formal self-help report will be required per year. Since this report is due in Washington by December 1, it should be submitted to the U.S. Embassy in Bogota by November 15. The Government of Colombia will select the appropriate official agency to prepare the various sections of the report.

12. In addition to the self-help report set forth in paragraph 11 above, the Government of Colombia recognizes its responsibility for submission of timely reports regarding the operation of this Agreement including on the arrival and disposition of commodities as required under the Agreement and on the deposits and use of the proceeds of credit sales (see part II, item VIII (2) of the Agreement and paragraph 5 of the Credit Annex). The Government of Colombia will make appropriate arrangements to furnish the U.S. Embassy a report by the fifteenth of April and July covering the information referred to in paragraphs 2, 3, and 4 of part I, article III D. The April 15 report should cover the first three quarters of the FY 1973 supply period. The Government of Colombia also agrees to return the completed "arrival and shipping" information (ADP sheets) with appropriate notations certifying receipt of all commodities as soon as possible, but not later than 30 days from the date of unloading in the importing country or 30 days from the receipt of the ADP sheets, whichever is later.

13. Should the Government of Colombia fail to comply with the provisions of part I,

article III, paragraph A 1, 2, and 3 of the Agreement or fail to comply with any other requirement of the Agreement, this could result in withholding issuance of purchase authorizations and would be taken into account in consideration of new PL-480 agreements unless the situation is remedied. The Government of Colombia cannot adopt any restrictive policies affecting agricultural development as these would be openly contradictory to recommendations made by the United States Government and international agencies concerning Latin American exports.

14. The Government of Colombia understands that the Food for Peace Act (PL-480) requires the Agreement to provide for termination whenever the Government of the United States of America finds that the self-help program described in the Agreement is not being adequately developed and that the Government of the United States of America can terminate the Agreement in such a case under the termination clause.

15. The Government of Colombia agrees that the United States will obtain a fair share of any increased commercial purchases of agricultural products.

16. It was agreed that in addition to the 5 percent initial down payment in dollars, the Government of Colombia would make a 10 percent currency use payment in pesos to the United States Government in Colombia during the life of the Agreement.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND COLOMBIA AMENDING THE AGREEMENT OF 24 APRIL 1973² FOR SALES OF AGRICULTURAL COMMODITIES

I

The American Ambassador to the Colombian Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

BOGOTÁ

May 11, 1973

No. 428

Excellency:

I have the honor to refer to the Agricultural Commodity Agreement signed by representatives of our two Governments on April 24, 1973,² and to propose amending that Agreement to make the following changes:

In part II, item I, Commodity Table, under column heading *Supply Period* (United States Fiscal Year) delete "1973" and insert in lieu "1973 and 1974"; and,

In part II, item III Usual Marketing Table under column heading *Commodity* insert a new line "wheat/wheat flour"; and under column heading *Import Period* insert a new line "United States Fiscal Year 1974"; and under column *Usual Marketing Requirement* insert a new line "215,000 metric tons (All on nondiscriminatory bidding)".

All other terms and conditions of the April 24, 1973, Agreement will remain the same.

If the foregoing is acceptable to your Government, I propose that this note and your reply thereto constitute an agreement between our two Governments to enter into force on the date of your note in reply.

Accept Excellency, the renewed assurances of my highest consideration.

L. J. SACCIO

His Excellency Doctor Alfredo Vásquez Carrizosa
Minister of Foreign Affairs
Bogotá

¹ Came into force on 11 May 1973, the date of the note in reply, in accordance with the provisions of the said notes.

² See p. 126 of this volume.

[TRANSLATION¹ — TRADUCTION²]*The Colombian Minister of Foreign Affairs to the American Ambassador*REPUBLIC OF COLOMBIA
MINISTRY FOR FOREIGN AFFAIRS

AE 3108

Bogotá, D. E., May 11, 1973

Mr. Ambassador:

I have the honor to acknowledge receipt of Your Excellency's note No. 428 of today's date, which reads as follows:

[See note I]

I accept the above-mentioned amendments on behalf of the Government of Colombia and avail myself of this occasion to renew to Your Excellency the assurances of my highest consideration.

A. V. CARRIZOSA

His Excellency Leonard J. Saccio
Ambassador Extraordinary and Plenipotentiary
of the United States of America
Bogotá

RELATED NOTE

EMBASSY OF THE UNITED STATES OF AMERICA
BOGOTÁ

No. 457

May 17, 1973

Excellency:

I have the honor to refer to the exchange of notes dated May 11, 1973, amending the Agricultural Commodity Agreement signed by representatives of our two Governments on April 24, 1973, and to inform you that United States Government consideration of the Government of Colombia's request for a PL-480 Title I Program for FY 1974 will not be prejudiced by extension of the April 24, 1973, Agricultural Commodity Agreement through FY 1974.

Accept Excellency, the renewed assurances of my highest consideration.

L. J. SACCIO

His Excellency, Doctor Alfredo Vásquez Carrizosa
Minister of Foreign Affairs
Bogotá

¹Translation supplied by the Government of the United States of America.

²Traduction fournie par le Gouvernement des Etats-Unis d'Amérique.