No. 15693

UNITED STATES OF AMERICA
and
PORTUGAL

Agreement for sales of agricultural commodities. Signed at Washington on 18 March 1976

Exchange of notes constituting an agreement amending the above-mentioned Agreement. Lisbon, 30 April 1976

Authentic texts: English.

Registered by the United States of America on 19 May 1977.

ÉTATS-UNIS D'AMÉRIQUE
et
PORTUGAL

Accord relatif à la vente de produits agricoles. Signé à Washington le 18 mars 1976

Échange de notes constituant un accord modifiant l'Accord susmentionné. Lisbonne, 30 avril 1976

Textes authentiques : anglais.

Enregistrés par les États-Unis d'Amérique le 19 mai 1977.

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 combat hunger and malnutrition in the developing countries, 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.

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

[1] Came into force on 18 March 1976 by signature, in accordance with part III(B).

commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase 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 obligation to reimburse the Government of the exporting 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 initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that portion 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. *Currency Use Payment*

The Government of the importing country shall pay, or cause to be paid, upon demand by the Government of the exporting country in amounts as it may determine, but in any event no later than one year after the final disbursement by the Commodity Credit Corporation under this agreement, or the end of the supply period, whichever is later, such payment as may be specified in Part II of this agreement pursuant to Section 103(*b*) of the Act (hereinafter referred to as the Currency Use Payment). The Currency Use Payment shall be that portion of the amount financed by the exporting country equal to the percentage specified for Currency Use Payment in Part II. Payment shall be made in accordance with paragraph H and for purposes specified in Subsections 104(*a*), (*b*), (*c*), and (*h*) of the Act, as set forth in Part II of this agreement. Such payment 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 the value of the Currency Use Payment has been offset. Unless otherwise specified in Part II, no requests for payment will be made by the Government of the exporting country prior to the first disbursement by the Commodity Credit Corporation of the exporting country under this agreement.

C. *Type of Financing*

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein. Special provisions relating to the sale are also set forth in Part II.

D. *Credit Provisions*

1. 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 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.

The 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.

2. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year shall be paid as follows:

a. In the case of Dollar Credit, interest shall begin to accrue on the date of last delivery of these commodities in each 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 annually and not later than the due date of each installment payment of principal.

b. In the case of Convertible Local Currency Credit, interest shall begin to accrue 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 each 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.

3. For the period of time 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.

E. *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 provided for in this agreement as follows:

1. 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.
2. 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.

F. *Sales Proceeds*

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 purposes 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 Currency Use Payment, if any, made by the Government of the importing country. 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 accordance with its fiscal year budget reporting procedure, at such times as may be requested by the Government of the exporting country but not less often than annually, a report of the receipt and expenditure of the proceeds, certified by the appropriate audit authority of the Government of the importing country, and in case of expenditures the budget sector in which they were used.

G. *Computations*

The computation of the Initial Payment, Currency Use Payment and all payments of principal and interest under this agreement shall be made in United States dollars.

H. *Payments*

All payments shall be in United States dollars or, if the Government of the exporting country so elects,

1. 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 or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement; or
2. 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 or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement in the importing country.

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 steps to assure that the exporting country can compete on an equal basis for any increase in commercial purchases of agricultural commodities by the importing country;
3. 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

4. take all possible measures to prevent the export of any commodity of either domestic or foreign origin which is defined in Part II of 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 the provisions of 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 Part II, Item I 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 under the agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; and the condition in which received;
2. a statement by it 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 by country of origin and exports by country of 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 on 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 purposes 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 in effect on the date of payment by the importing country which is not less favorable to the Government of the exporting country than the highest exchange rate legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest exchange rate 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 in the same manner as provided for in Subsection 103(1) of the Act.

PART II. PARTICULAR PROVISIONS

Item I. COMMODITY TABLE:

Commodity	*Supply Period (U.S. Fiscal Year)*	*Approximate Maximum Quantity (Metric Tons)*	*Maximum Export Market Value (1,000)*
Rice	1976	50,000	$15,000
		TOTAL	$15,000

Item II. PAYMENT TERMS:

Dollar credit

1. Initial Payment—5 percent
2. Currency Use Payment—Section 104(A)—10 percent

3. Number of Installment Payments—15
4. Amount of each Installment Payment—Approximately equal annual installments
5. Due Date of First Installment Payment—Two years from date of last delivery in each calendar year
6. Interest rate—4 1/2 percent

Item III. USUAL MARKETING TABLE:

Commodity	*Import Period (United States Fiscal Year)*	*Usual Marketing Requirement*
Rice.....	1976	10,000 MT

Item IV. EXPORT LIMITATIONS:

A. The export limitation period shall be U.S. Fiscal Year 1976 or any subsequent U.S. fiscal year during which commodities financed under this agreement are being imported or utilized.

B. For the purpose of Part I, Article III A4 of the agreement, the commodities which may not be exported are: for rice—rice in form of paddy, brown or milled.

Item V. SELF-HELP MEASURES:

A. The Government of Portugal agrees to:

1. increase capacity of grain storage facilities in order to safeguard national harvests and distribute imported products to populace;
2. construct wholesale fruit and vegetable markets near population centers as marketing aid to small growers and distribution aid to all consumers including the lowest income sectors of the urban population;
3. promote productivity and efficiency through cooperatives;
4. construct installation for improved selection, handling, and storage of wool. Small sheep herders will be principal beneficiaries;
5. expand slaughterhouse in Beja;
6. improve extension services as means of instructing small farmers in agricultural management and techniques.

B. In implementing these self-help measures specific emphasis will be placed on contributing directly to development progress in least developed rural areas and on enabling the lowest income sectors to participate actively in increasing agricultural production through small farm agriculture.

Item VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO IMPORTING COUNTRY ARE TO BE USED:

A. 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 the agreement and for the following economic development sector: agriculture.

B. In the use of proceeds for these purposes emphasis will be placed on directly improving the lives of the lowest income sectors of the recipient country's people and their capacity to participate in the development of their country.

PART III. FINAL PROVISIONS

A. This agreement may be terminated by either Government by notice of termination to the other Government. The Government of Portugal understands that the Agricultural Trade Development and Assistance Act of 1954 (as amended) (P.L. 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. 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 Washington, in duplicate, this eighteenth day of March, 1976.

For the Government of the United States of America:

[*Signed — Signé*][1]

For the Government of Portugal:

[*Signed — Signé*][2]

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[1] Signed by Daniel Parker — Signé par Daniel Parker.
[2] Signed by Francisco Salgado Zenha — Signé par Francisco Salgado Zenha.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PORTUGAL AMENDING THE AGREEMENT OF 18 MARCH 1976 FOR SALES OF AGRICULTURAL COMMODITIES[2]

I

The American Ambassador to the Portuguese Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

LISBON

April 30, 1976

No. 67

Excellency:

I have the honor to refer to the Public Law 480, Title I Agricultural Sales Agreement signed by representatives of our two governments on March 18, 1976,[2] and propose that that Agreement be amended as follows: in Part II, Item I, Commodity Table: (1) Under appropriate columns add "Cotton, 1976 plus July 1 through September 30, 1976, 16,000 Bales, $5,000"; and (2) Under Total Export Market Value, delete "15,000" and insert "$20,000". Item III, Usual Marketing Table: (1) Under appropriate columns add "Cotton, 1976, 475,000 Bales". Item IV, Export Limitations: (1) At the end of the sentence in sub-paragraph B, delete the period and add "and for cotton—cotton and cotton textiles (including yarn and waste)". Following sub-paragraph B, add an additional sub-paragraph: "C. Commodity Permissible Exports:" composed of three columns as follows: left column titled "Commodity" to read "Cotton Textiles"; center column titled "Quantity and Conditions" to read "Exports of Cotton Textiles in Raw Cotton Content Equivalent in Weight to 345,000 Bales (480 pounds net) during U.S. FY 1976. If this export quantity is exceeded, the raw cotton equivalent in weight of such cotton textile exports will be imported from the United States to Portugal and paid for with the resources of the importing country, but such offset purchase requirement need not exceed the level of Total Title I, P.L. 480 imports during the supply period"; and right column titled "Period Exports Permitted" to read "During U.S. FY 1976 and any subsequent comparable supply period during which cotton purchased under this Agreement is being imported or utilized". All other terms and conditions of March 18, 1976, Title I Agreement remain the same. I propose that this Note and your reply concurring therein constitute the Agreement between our two governments effective on the date of your Note in reply.

Accept, Excellency, the assurances of my highest consideration.

FRANK C. CARLUCCI

His Excellency
Major Ernesto Augusto de Melo Antunes
Minister of Foreign Affairs of the Republic of Portugal
Lisbon

[1] Came into force on 30 April 1976, the date of the note in reply, in accordance with the provisions of the said notes.

[2] See p. 226 of this volume.

II

The Portuguese Secretary of State for Foreign Affairs to the American Ambassador

MINISTÉRIO DOS NEGÓCIOS ESTRANGEIROS

Gabinete do Secretário de Estado[1]

April 30th, 1976

Excellency

I have the honour to acknowledge the receipt of your note of April 30, 1976, the text of which is as follows:

[*See note I*]

I confirm that the Government of Portugal agrees to the proposal set forth in your note and that Your Excellency's note and this reply constitute an agreement between our Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

The Secretary of State
for Foreign Affairs,

[*Signed*]

JOSÉ MEDEIROS FERREIRA

His Excellency Frank Charles Carlucci
Ambassador of the United States of America
Lisbon

[1] Ministry of Foreign Affairs, Cabinet of the Secretary of State.