

No. 16329

**UNITED STATES OF AMERICA
and
SRI LANKA**

Agreement for the sale of agricultural commodities under the Public Law 480 Title I Program (with agreed minutes of 20 October 1976). Signed at Colombo on 29 October 1976

Exchange of notes constituting an agreement amending the above-mentioned Agreement. Colombo, 15 December 1976

Authentic texts of the Agreement: English and Sinhalese.

Authentic texts of the agreed minutes and the exchange of notes: English.

Registered by the United States of America on 27 January 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
SRI LANKA**

Accord relatif à la vente de produits agricoles, conclu en vertu du programme prévu par le titre I de la loi publique 480 (avec procès-verbal approuvé du 20 octobre 1976). Signé à Colombo le 29 octobre 1976

Échange de notes constituant un accord modifiant l'Accord susmentionné. Colombo, 15 décembre 1976

Textes authentiques de l'Accord : anglais et cinghalais.

Textes authentiques du procès-verbal approuvé et de l'échange de notes : anglais.

Enregistrés par les États-Unis d'Amérique le 27 janvier 1978.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF SRI LANKA FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER THE PUBLIC LAW 480 TITLE I PROGRAM

The Government of the United States of America and the Government of the Republic of Sri Lanka agree to the sale of agricultural commodities specified below. This Agreement shall consist of the Preamble, Parts I and III of the Title I Agreement signed March 25, 1975,² together with the following Part II:

PART II. PARTICULAR PROVISIONS

Item I. COMMODITY TABLE

<i>Commodity</i>	<i>Supply Period (U.S. FY)</i>	<i>Approximate Maximum Quantity (MT)</i>	<i>Maximum Export Market Value (Millions)</i>
Wheat/Wheat Flour (Wheat flour basis)	1977	100,000	\$17.8
Rice	1977	20,000	5.3
		TOTAL	\$23.1

Item II. PAYMENT TERMS

Convertible Local Currency Credit

1. Initial Payment — 2 percent
2. Currency Use Payment — None
3. Number of Installment Payments — 31
4. Amount of Each Installment Payment — Approximately equal annual amounts
5. Due Date of First Installment Payment — Ten 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 (U.S. Fiscal Year)</i>	<i>Usual Marketing Requirement (MT)</i>
Wheat and/or Wheat Flour (Wheat flour basis)	1977	188,000
Rice	1977	155,000

¹ Came into force on 29 October 1976, by signature, in accordance with part III (A).

² United Nations, *Treaty Series*, vol. 998, p. 227.

Item IV. EXPORT LIMITATIONS

A. The export limitation period shall be U.S. Fiscal Year 1977 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 wheat/wheat flour — wheat, wheat flour, rolled wheat, semolina, farina, and bulgur (or the same product under a different name); and for rice — rice in the form of paddy, brown or milled.

Item V. SELF-HELP MEASURES

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

B. The Government of the Republic of Sri Lanka agrees to:

1. increase the production of its major food grain through institutionalizing a coherent body of production-oriented policies centered on appropriate incentive pricing policies to farmers;
2. expand and improve storage, transport, and milling facilities for food commodities, for port locations, inland terminals, country assembly points, and on the farms;
3. increase the availability of credit for purchase of fertilizer, seed and improved water control. Also, increase the availability of foreign exchange for purchase of fertilizer, farm chemicals, vehicles, spare parts and other uses critical to agricultural production;
4. strengthen programs for collection of agricultural statistics, primarily to provide prompt production estimates during the growing season.

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 sales of the commodities financed under this Agreement will be used for financing the self-help measures set forth in Item V and for agricultural development objectives identified in the National Budget of the Government of the Republic of Sri Lanka, including the following: irrigation and land development, and seed research.

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

Item VII. OTHER PROVISIONS

In case of an inconsistency between the Sinhala and English texts of this Agreement, the English text shall prevail.

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

DONE at Colombo, in duplicate, in English and Sinhala, this 29th day of October, 1976.

For the Government
of the United States of America:

[Signed]

JOHN H. REED
American Ambassador

For the Government
of the Republic of Sri Lanka:

[Signed]

H. A. DE S. GUNASEKERA
Secretary
Ministry of Planning
and Economic Affairs

AGREED MINUTES

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
C/O AMERICAN EMBASSY, COLOMBO, SRI LANKA

October 20, 1976

Dear Mr. Velayutham:

This letter will constitute the agreed minutes of our negotiations on the Agreement between our Governments to be signed on October 29, 1976, for sales of agricultural commodities.

Discussions began with a general review of the provisions of Public Law 480 and of A.I.D.'s airgram AIDTO Circular A-487 dated July 4, 1974, the contents of which are incorporated herein by reference. It was further understood and agreed that:

1. Purchase authorizations issued under this Agreement will contain requirements that invitations for bids for both commodity and freight must be submitted to Office of the General Sales Manager, U.S. Department of Agriculture (USDA), Washington, for review prior to their release to prospective bidders. The primary purpose of this requirement is to enable the USDA to ensure that invitations do not contain terms or conditions which may be in conflict with purchase authorization terms and P.L. 480 financing regulations. Prior review of invitations will also give the USDA specialists an opportunity to provide advice and assistance in assuring realistic commodity delivery schedules and maximum flexibility in matching the available shipping to the commodity contracts.

2. Purchase authorizations for rice will be issued in 10,000 metric ton lots in order to allow the Government of Sri Lanka to further measure the consumer acceptability of U.S. rice. Purchase authorizations for wheat flour will be issued in equal amounts.

3. All tendering for rice under this Agreement must be done by invitations for competitive bids conducted in the United States. Public opening of bids and awards shall be made on the basis of the lowest f.a.s. vessel or f.o.b. vessel bid price for the rice responsive to tender terms. Also, freight tenders must be conducted in the United States with public opening of bids; however, the charterer retains the right to negotiate.

4. The financing provides for the softest concessional terms with an initial payment of 2 percent, but with no currency use payment being requested, and takes into account Sri Lanka's current economic and financial situation.

5. Particular attention was drawn to Part I, Article I, E, which provides that the export market value specified in Part II may not be exceeded. This means that if commodity prices increase over those used in announcing the quantities and market values indicated in Part II of the Agreement, the quantity to be financed under the Agreement will be less than the approximate maximum quantity set forth in Part II. Should commodity prices decrease, however, the quantities of commodities to be financed will be limited to those specified in Part II.

6. The usual marketing requirements (UMR's) in Part II, Item III, of the Agreement are 188,000 metric tons of wheat flour (250,000 metric tons of wheat and/or wheat flour on a grain equivalent basis) and 155,000 metric tons of rice for import during U.S. Fiscal Year 1977. The upward revision in the UMR for wheat/wheat flour is based on a five year average of import data (1971 through 1975) and represents the UMR level proposed by the EEC and accepted by the Government of Sri Lanka under FAO consultation procedures. In turn, the Government of the United States and other supplier countries have agreed to the new wheat flour UMR of 188,000 metric tons.

7. The approximately 100,000 metric tons of wheat flour to be provided under this Agreement are considered a baseline amount. In light of the drought conditions prevailing in Sri Lanka, however, the Government of the United States is prepared to consider amending this Agreement for an additional 100,000 metric tons of wheat flour and 30,000 metric tons of rice.

8. Recent legislation amending Sections 106 (B) and 109 (A) of P.L. 480 requires: (1) specific emphasis on implementation of self-help measures so as to contribute directly to development progress in poor rural areas and to enable the poor to participate actively in increasing agricultural production through small farm agriculture; and (2) use of proceeds for purposes which directly improve the lives of the poorest of the recipient country's peoples and their capacity to participate in the development of their country. These requirements are reflected in the Agreement text Part II, Items V and VI.

9. Reporting is an essential part of the P.L. 480 Title I program. Discussions were held with the Government of Sri Lanka about its responsibilities for submission of timely reports on compliance, shipping and arrival information (ADP sheets), self-help and use of sales proceeds, as required under the provisions of the Agreement.

10. For identification and publicity of the commodities to be received, the Government of Sri Lanka will insure insofar as practicable that food commodities are marked or identified at point of distribution or sale as being provided on a concessional basis to the Government of Sri Lanka by the people of the United States. In addition, the Government of Sri Lanka will publicize to the people of Sri Lanka, by public media and other means, including newspapers and radio, that the commodities are being provided on a concessional basis through the friendship of the American people. Quarterly reports on measures taken to implement these requirements will be submitted on the same schedule as other quarterly reporting required under the Agreement.

Please sign and return to me the attached copy of this letter to serve as a record of the matters on which we have agreed during negotiation of the new P.L. 480 Title I Sales Agreement.

Sincerely yours,

[Signed]

THOMAS M. ARNDT
A.I.D. Representative

I concur in the above statements.

[Signed]

S. VELAYUTHAM
Director
Division of External Resources
Ministry of Planning
and Economic Affairs

Mr. S. Velayutham
Director
External Resources Division
Ministry of Planning and Economic Affairs
Colombo

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF SRI LANKA AMENDING THE AGREEMENT OF 29 OCTOBER 1976² FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER THE PUBLIC LAW 480 TITLE I PROGRAM

I

*The American Ambassador to the Ceylonese Secretary,
Ministry of Planning and Economic Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA
COLOMBO

December 15, 1976

No. 242

Excellency:

I have the honor to refer to the P.L. 480 Title I Agricultural Sales Agreement signed by representatives of our two countries on October 29, 1976,² and to propose that the Agreement be amended as follows: In Part II, Item I. *Commodity Table*: under appropriate columns (1) for the line designated Wheat/Wheat Flour, delete "100,000" and "\$17.8" and insert "200,000" and "\$34.6"; and (2) under Maximum Export Market Value of the line designated Total, delete "\$23.1" and insert "\$39.9".

All other terms and conditions of the October 29, 1976, Title I Agreement would remain the same.

I propose that this note and your reply concurring therein constitute an Agreement between our two Governments effective on the date of your note in reply.

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

JOHN H. REED

His Excellency Dr. H. A. de S. Gunasekera
Secretary
Ministry of Planning and Economic Affairs
Colombo

¹ Came into force on 15 December 1976, the date of the note in reply, in accordance with the provisions of the said notes.

² See p. 230 of this volume.

II

*The Ceylonese Secretary, Ministry of Planning and Economic Affairs,
to the American Ambassador*

SECRETARY, MINISTRY OF PLANNING AND ECONOMIC AFFAIRS
SRI LANKA

Colombo, December 15, 1976

Excellency,

I have the honour to acknowledge receipt of your note No. 242 of today's date, which reads as follows:

[*See note I*]

I concur in the proposals set out in the note under reference.

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

H. A. DE S. GUNASEKERA

His Excellency John H. Reed
Ambassador of the United States of America
Colombo
