No. 18864

UNITED STATES OF AMERICA
and
PORTUGAL

Agreement for sales of agricultural commodities (with summary minutes of negotiations dated 8 May 1978, 15 May 1978, 19 June 1978 and 25 July 1978). Signed at Lisbon on 4 August 1978

Amendment dated 30 and 31 August 1978 to the commodity table of the above-mentioned Agreement

Authentic texts: English.

The Agreement and the certified statement were registered by the United States of America on 30 May 1980.

ÉTATS-UNIS D'AMÉRIQUE
et
PORTUGAL

Accord relatif à la vente de produits agricoles (avec procès-verbaux sommaires de négociations datés des 8 mai 1978, 15 mai 1978, 19 juin 1978 et 25 juillet 1978). Signé à Lisbonne le 4 août 1978

Avenant daté des 30 et 31 août 1978 au tableau des produits de l'Accord susmentionné

Textes authentiques : anglais.

L'Accord et la déclaration certifiée ont été enregistrés par les États-Unis d'Amérique le 30 mai 1980.

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

The Government of the United States of America and the Government of the Republic of Portugal have agreed to the sale of agricultural commodities specified below.

This agreement shall consist of the preamble, and parts I and III of the Agreement signed March 18, 1976,[2] together with the following part II:

PART II. PARTICULAR PROVISIONS

Item I. COMMODITY TABLE

Commodity	*Supply period (United States fiscal year)*	*Approximate maximum quantity (metric tons or bales)*	*Maximum export market value (millions)*
Wheat/wheat flour (wheat basis)	1978	200,000	Dols. 26.0
Corn/sorghum	1978 plus October 1-31, 1978	103,000	10.2
Rice (brown basis)	1978	10,000	3.8
		TOTAL Dols.	40.0

Item II. PAYMENT TERMS

Convertible local currency credit

1. Initial payment—five (5) percent.
2. Currency use payment—ten (10) percent for section 104(A) purposes.
3. Number of installment payments—fifteen (15).
4. Amount of each installment payment—approximately equal annual amounts.
5. Due date of the first installment payment—three (3) years after the date of last delivery of commodities in each calendar year.
6. Interest rate throughout period of Agreement—five (5) percent.

Item III. USUAL MARKETING TABLE

Commodity	*Import period (United States fiscal year)*	*Usual marketing requirement*
Wheat/wheat flour	1978	308,000 metric tons
Feed grains	1978	1,450,000 metric tons
Rice (brown basis)	1978	33,000 metric tons

[1] Came into force on 4 August 1978 by signature.
[2] United Nations, *Treaty Series*, vol. 1041, p. 225.

Item IV. EXPORT LIMITATIONS

A. Export limitation period:

The export limitation period shall be United States fiscal year 1978, or any subsequent United States fiscal year during which commodities financed under this agreement are being imported or utilized.

B. Commodities to which export limitations apply:

For the purposes of part I, article III A (4) of this agreement, the commodities which may not be exported are: for wheat/wheat flour—wheat, wheat flour, rolled wheat, semolina, farina, or bulgur (or the same products under a different name); for corn/sorghum—corn, cornmeal, feeds containing predominantly such grain); 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 on enabling the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Portugal agrees to:

1. Construct bulk grain handling facilities at an appropriate deep water port and continue construction of inland grain handling facilities.
2. Construct wholesale food markets near population centers as marketing aids to small growers and distribution aids to all consumers, including the lowest income sectors of the urban population.
3. Develop the capability of collecting and analyzing agricultural data necessary for the formulation of rural and agricultural development policies, including the development of an adequate market news service.
4. Establish a nationwide service to provide farmers with frequent, current market information.
5. Develop the fisheries industry, including both production and marketing.
6. Create a special line of credit for farmers, private entrepreneurs, and privately-organized cooperatives to finance medium and long term investments in production, processing, and marketing facilities, with special emphasis on the development of crop and cattle production.
7. Encourage practical applied research directly related to the production objectives of farmers, and improve effectiveness of extension services to transfer technology to small and medium farmers.

Item VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO THE 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 sectors: agriculture and all fishing.

B. The Government of Portugal agrees to name an individual or committee responsible for the allocation of proceeds generated under this agreement. This allocation, except as otherwise agreed, will be based to the maximum extent possible on the Government's agricultural development plan, and will generally support:

1. Investments directly related to regional production programs being initiated in accordance with the above-mentioned plan; and
2. Elements of national programs which are directly related to supporting the referred-to regional production programs.

C. 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.

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

DONE at Lisbon, in duplicate, this fourth day of August 1978.

For the Government of the United States of America:	For the Government of Portugal:
[Signed]	*[Signed]*
RICHARD J. BLOOMFIELD Ambassador	VICTOR MANUEL RIBEIRO CONSTANCIO Minister of Finance and Planning

SUMMARY MINUTES OF NEGOTIATIONS BETWEEN THE GOVERNMENT OF PORTUGAL AND THE GOVERNMENT OF THE UNITED STATES REGARDING AN AGREEMENT FOR SALES OF AGRICULTURAL COMMODITIES UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED (PUBLIC LAW 480—83d CONGRESS)

Session: May 8, 1978
Lisbon, Portugal

Representing the Government of Portugal:

Dr. Paulo Enes, Ministry of Foreign Affairs
Dr. Maia e Silva, Ministry of Foreign Affairs
Dra. Leonor Caldeira, Ministry of Foreign Affairs
Dr. Carlos Farmhouse, Ministry of Finance
Dr. José Manuel Mendes Barata, Ministry of Finance
Dr. José Baptista Tavares, Ministry of Commerce
Dr. António Avillez, EPAC
Dr. Geraldes Freire, EPAC
Dr. Luis Gouveia, JNPP
Dr. Mário Parente, Sec. Est. Com-Ind. Alimentares
Dr. Amilcar Lopes, Sec. Est. Com-Ind. Alimentares

Representing the Government of the United States:

Mr. Charles Buchanan, Jr.
Mr. Glen Patterson
Mr. James Ferrer, Jr.
Mr. Robert J. Wicks

SUMMARY MINUTES

The initial negotiating session was opened by Dr. Paulo Enes of the Ministry of Foreign Affairs. After welcoming the United States Government negotiators, Dr. Enes introduced the negotiators for the Government of Portugal. The U.S. negotiators were then introduced by Dr. Ferrer.

Following the introductions, Dr. Enes made a brief presentation in which he noted the recent conclusion of the International Monetary Fund negotiations which open the way for the $750 million draw down. He pointed out that the GOP recognized and appreciated the active role of the USG in organizing the loan program.

Following the opening remarks U.S. representatives submitted in verbal and written form the following talking points for consideration of the negotiators of the GOP.

The PL-480 agreements of the past two years have contributed to easing Portugal's balance of payments difficulties; however, we feel that more should be done to promote Portugal's long-term agricultural planning and development efforts. As we negotiate the 1978 agreement, it is incumbent that we give greater attention to the developmental issues and that we work more closely to identify Portugal's agricultural priorities, as well as the self-help measures required to realize those priorities. Before discussing this general issue, we would like to mention several specific points. Some of them stem from recent changes in the legislation governing PL-480 agreements, others are points to which we urge your special attention.

A) Financing for the agricultural commodities proposed for inclusion in this agreement (wheat, feedgrains, rice and cotton) will be subject to both availability of those commodities at the time of exportation and to the issuance and acceptance of Purchase Authorizations (PAs).

B) Given the numerous requirements for a satisfactory implementation of a PL-480 agreement, the Government of Portugal is requested to designate one or more persons resident in the United States who will consult with American Government representatives on the rules and procedures governing procurement, financing, reporting, and ocean transportation. This consultation must be completed before any purchase authorization is issued. Such person(s) should be authorized to sign all documents relating to implementation of the agreement.

C) It will be necessary for the Government of Portugal to designate individuals in Portugal who shall discuss with representatives of the U.S. Government such matters as (1) arrival and off-loading of all commodities purchased under PL-480, (2) publicizing such arrivals, (3) assurances against resale and transshipment, (4) compliance with the usual marketing requirements and export limitations, (5) import and export data, (6) generation and use of local currency stemming from sales of imported commodities, (7) implementation of self-help measures, (8) reconciliation of accounts and repayments, and (9) currency use payments.

D) If the Government of Portugal decides to utilize a purchasing and/or shipping agent to assist in the procurement and transportation of commodities under the agreement, the GOP, prior to issuance of PAs, must notify the General Sales Manager/USDA in writing of such nomination and provide a copy of the proposed agency agreement. All purchasing and shipping agents must be approved by the Office of the General Sales Manager in accordance with new regulatory standards which are designed to eliminate conflicts of interest. Commissions, fees, or other payments to any selling agent are prohibited in any purchase of food commodities under the agreement.

E) With respect to PAs, the following conditions are applicable:

—In accordance with the requirements established by the United States Congress in 1977, PAs will be issued under the agreement only after the Secretary of Agriculture or his designee has determined that (*a*) adequate storage facilities are available in Portugal at the time of scheduled arrival, and (*b*) the distribution of the commodity in Portugal will not result in a substantial disincentive to domestic production.

In addition to these requirements, the Government of Portugal must provide the following information to the U.S. Embassy, before issuance of PAs.

(1) Type and grade of commodity to be purchased (based on official U.S. standards);

(2) Proposed contracting and delivery schedules;

(3) Names and addresses of banks, both U.S. and foreign, which will be handling financing operations;

(4) Assurance that appropriate GOP authorities are prepared to make immediate transfer of funds from its own resources to cover 100% of the ocean freight costs, including demurrage, and the initial payment (IP) related to contracts concluded pursuant to the agreement.

—As a general rule, shipment of the commodities must be made prior to September 1, 1978, unless otherwise agreed upon by USDA.

—A second PA for a given commodity will not be approved until amounts authorized in PAs already issued have been fully purchased.

—PAs will not be issued if there are major problems concerning performance under the agreement. (Such problems could include delinquent payments, unfulfilled reporting requirements, exportation of certain commodities prohibited by the agreement as stated in part II, item IV, or failure to meet usual marketing requirements.) In this connection, the FY 1977 agreement cannot be signed by the United States Government until it receives satisfactory compliance reports for tobacco and cotton that are due under the terms of last year's agreement and those reports requested in the letter dated February 21, 1978, from the Embassy to the Director General of Treasury.

—The United States Government reserves the right to cancel uncommitted balances of PAs or not issue PAs at any time that a commodity is determined to be no longer available for PL-480 program.

—PAs may be limited to certain grades or types of the commodity involved.

—Value of the total quantity of each commodity covered by PAs may not exceed the maximum export market value specified in part II of the agreement. If prices decline, PAs may limit the amount of financing so that quantities sold would not substantially exceed the maximum quantity specified in the agreement.

F) Commodities are purchased from private U.S. suppliers, and prices agreed upon by buyer and seller are subject to price review by USDA.

G) For each purchase, importing entities must authorize funds enabling GOP representative in the U.S. to open necessary letters of credit in favor of the U.S. exporter(s) specifying the amount to be paid by the Commodity Credit Corporation to the exporter and the net amount to be paid directly by the importer's bank. They must take appropriate measures to insure that operational letters of credit for the commodity purchased will be opened, and confirmed by designated U.S. banks, immediately after contracting under each PA is concluded, and before vessels arrive at loading ports.

H) Purchases of food commodities under the agreement must be made on the basis of Invitation for Bid (IFB) publicly announced in the United States. (This is in accordance with new regulations applicable to current legislation—the International Development and Food Assistance Act, effective October 1, 1977, and the Food and Agriculture Act of 1977, as well as amendments to Title I, PL-480 financing regulations—which was transmitted to the appropriate Government of Portugal officials when enacted.)

—Bid offerings must be received and publicly opened in the United States.

—All awards under IFB's must be consistent with open, competitive, and responsible bid procedures.

—The terms of all IFB's (including IFB's for ocean freight) must be approved by the General Sales Manager/USDA prior to final acceptance by GOP representative in the U.S.

I) Regarding ocean transportation:

—Letter(s) of credit for 100 percent of ocean freight charges must be opened in favor of the supplier of the ocean transportation prior to vessel's presentation for loading. (Delays in opening letters of credit have resulted in costly claims for demurrage, carrying charges, etc. Thus suppliers have said they will refuse to load unless they first receive acceptable letters of credit for both product and the freight.)

—The United States will pay the differential between U.S. and foreign flag rates on the shipment of 50 percent of the commodities that must be shipped in U.S. flag vessels.

—Charters and U.S. and non-U.S. flag vessels must have OGSM approval prior to final acceptance by the GOP representative in the U.S.

J) We propose the following amounts and values for commodities to be covered by a 1978 PL-480 agreement.

Commodity	*Approximate maximum quantity*	*Maximum export market value (millions of dollars)*
Wheat/wheat flour	200,000 metric tons	23.5
Corn/sorghum	24,000 metric tons	2.4
Rice (brown basis)	10,000 metric tons	4.9
Cotton	30,000 bales	9.2
	TOTAL	40.0

The financial terms would be the same as in prior agreements with the following exceptions:

1. The grace period, which begins on the date of the last delivery (on-loading) in each calendar year, would be increased from two years to three years.

2. The interest rate would rise from $4^1/_2$ to 5 percent.

K) Regarding payments:

—The GOP will be required to open an LC to cover the 5% initial payment to U.S. suppliers. PAs will also specify the percentage of purchase price—5 percent to be paid by the importing government to the U.S. supplier. This amount is, in fact, the initial payment.

—The currency use payment, equivalent to 10 percent of the amount financed, will be credited against interest charges during the grace period and against interest and principle thereafter.

L) The PL-480 legislation requires that appropriate identification and publicity be given to transactions under the agreement. In this regard, Portugal is requested to announce publicly each delivery of commodities purchased under the PL-480 agreement. The GOP is expected to provide periodic statements on the action taken to meet publicity and identification requirements.

M) Usual marketing requirements (UMR) are established as a minimum insurance that sales under the agreement will not unduly disrupt world prices, normal patterns of trade with friendly countries, or dollar sales of U.S. agricultural commodities. For this year's agreement, we propose the following UMRs:

Commodity	*UMR*
Wheat/wheat flour	308,000 metric tons
Feed grains	1,450,000 metric tons
Rice (brown basis)	42,000 metric tons
Cotton	485,000 bales, of which 35,000 bales shall be imported from the United States of America

The UMR designated for each of the commodities is a minimum quantity of imports that Portugal must procure through commercial channels during U.S. fiscal year 1978 from the United States or other eligible countries as mutually agreed.

UMRs must be met even though the amount available under PL-480 may not be fully utilized. Purchases to meet the UMRs are to be financed by Portugal from its own resources. (Purchases utilizing CCC or other commercial credits are acceptable for meeting UMR requirements.)

It is understood that if the United States Government authorizes and finances deliveries under this agreement beyond September 30, 1978, Portugal will maintain the same UMR, export limitations and other provisions of the agreement, in the following fiscal year.

The violation of UMR provisions; the failure to prevent the resale, diversion, or transshipment of PL-480 commodities to other countries, or the export of same or like commodities of either domestic or foreign origin during the export limitation period specified in agreement, could result in withholding issuance of PAs and would be taken into account in consideration of new PL-480 agreements.

Imports credited to UMRs are considered to be valid only from the time of their customs clearance in Portugal.

The first commercial rice imports during FY 1978 will be credited against FY 1977 UMRs shortfall of some 8,000 tons. Only upon fulfillment of this shortfall will imports be credited against FY 1978 UMRs. In view of the present time constraint, the GOP should provide Embassy with its plan for meeting UMR for rice.

It is understood that Portugal will refrain from exporting commodities which are the same or like those covered by the agreement. For purposes of definition, the commodities which may not be exported are: wheat/wheat flour*—wheat, wheat flour, rolled wheat, semolina, farina or bulgur (or the same products under a different name); corn/sorghum—corn, cornmeal, grain, sorghum, barley, rye, and oats (including mixed feeds containing predominantly such grains)**. Exports of barley may be made for malting purposes or for processing in coffee mixture, provided that such exports are reported quarterly in the regular quarterly field compliance reports, and that offsetting commercial imports in excess of the UMR for feed grains are made from the United States. Rice—rice in the form of paddy, brown or milled. Cotton—cotton and cotton textiles (including yarn and waste). Because of Portugal's special circumstances, exports of cotton textiles in raw cotton equivalent in weight to 345,000 bales (480 pounds net) are permitted during the U.S. fiscal year 1978. If this export quantity is exceeded, the raw cotton equivalent in weight of such cotton textile exports will be imported from the U.S. to Portugal and paid for with resources of the importing country, but such offset purchase requirement need not exceed the level of total Title I, PL-480 imports during the supply period.

* During the presentation of the talking points, GOP representatives requested an exception of the prohibition of exports of wheat flour. U.S. representatives indicated that Washington would be queried about the possibility of granting an exception. After the formal talks were concluded, U.S. negotiators requested that GOP representatives provide more specific information concerning the required exception.

** GOP negotiators informally raised a question about the possibility of an exception to the prohibition of mixed feed exports.

N) While conclusion of this agreement is not dependent upon Portuguese commercial purchases of U.S. commodities, the United States is a traditional and dependable supplier of agricultural products and seeks a fair share of any commercial increase in Portugal's imports of agricultural commodities.

O) Reporting requirements are a vital and integral part of PL-480 agreement. Among them are:

—Annual self-help reports and local currency proceeds reports which are due at the American Embassy in Lisbon not later than December 1 of each program year. We must emphasize the importance of this report being comprehensive and analytical, covering achievements under specific self-help provisions for the current year.

—Reports listed in part I, article III, section D of the PL-480 agreement signed on March 18, 1976, are to be furnished quarterly.

P) Self-help measures:

We would like now to return to the issue mentioned at the opening of our discussion, namely the self-help measures and how we should cooperate to insure that they promote Portugal's agricultural development priorities. Counterpart funds generated from the PL-480 agreement provide extra-budgetary resources for agricultural and fishing development activities. The availability of these additional funds provides a unique opportunity to accelerate those development action programs considered by both governments to be of highest social and economic priority. The U.S. Government wishes to emphasize the importance it attributes to the following goals:

1. Increased production (and yields) of food products, particularly by small and medium producers.
2. Strengthened institutions responsible for applied research, extension services and training of professionals.
3. Programming activities and resource allocation to achieve the above two goals.

Self-help measures included in previous PL-480 agreements generally address the areas of interest to both governments. We propose that similar self-help measures be included in this year's agreement, but that we develop a clearer understanding of their specific implementation. We believe development of these specific implementation programs should be a joint effort of our two governments.

In the programming effort, we will request that counterpart funds be used to support institutional growth (particularly those which are developed in conjunction with the institutions of Vila Real, Covilha, Evora and the Azores).

Also, we will propose that specific credit lines be established for small and medium agricultural or rural-based enterprises/cooperatives, part of which would be channeled through the official Portuguese institutions responsible for refugee affairs. Most important, we believe the PL-480 resources should provide significant support for the Government's effort to prepare global agricultural and fisheries development plans that specify goals, programs and investment priorities. For the above institutional and programming objectives, we propose that approximately $10 million be allocated, of which at least $5 million be budgeted for the above-named institutions.

We propose that the Government of Portugal name a suitably higher-ranking official to conduct a continuous dialogue on the PL-480 program. In addition, we propose that the government appoint a technical team to meet with Embassy representatives in order to prepare precise projects and programs for implementing the self-help measures that will be in the agreement. Although we anticipate that the government would select its representatives as soon as possible, we would not expect the joint committee to meet until immediately after signature of the formal 1978 agreement. All efforts should be made to permit the committee to complete its basic programming function within 60 days after signature of the 1978 agreement.

SUMMARY MINUTES OF NEGOTIATIONS BETWEEN THE GOVERNMENT OF PORTUGAL AND THE GOVERNMENT OF THE UNITED STATES REGARDING AN AGREEMENT FOR SALES OF AGRICULTURAL COMMODITIES UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED (PUBLIC LAW 480—83d CONGRESS)

Session: May 15, 1978
Lisbon, Portugal

Representing the Government of Portugal:

Dr. Heitor Maia e Silva, MNE
Dra. Leonor Caldeira, MNE
Dr. Carlos Farmhouse, Treasury Dept., MF
Dr. José Manuel Mendes Barata, Treasury Dept., MF
Dr. António Lopes de Almeida, SECI
Dr. Mario Parente, Sec. Est. Com-Ind. Alimentares
Dr. José Augusto Varela, Planning Office, MAP
Dr. Jaime Tavares Duarte, Cabinete de Estudos a Planeamento, do MAP
Dra. Maria Joana Araujo, Textile Institute
Dr. António Avillez, EPAC
Mr. Geraldes Freire, EPAC

Representing the Government of the United States:

Dr. James Ferrer, Jr.
Mr. Glen Patterson
Mr. Robert J. Wicks
Mr. Charles Buchanan, Jr.

SUMMARY MINUTES

The second session of the negotiations on the FY 1978 PL 480 Agreement was opened by Dr. Maia e Silva of the Ministry of Foreign Affairs. After greeting the U.S.G. negotiators, Dr. Maia e Silva requested clarification of the meanings of several words and phrases used in the talking points paper. Changes to be incorporated into the minutes are as follows:

a. Page 3, paragraph D., last line the word "agricultural" is to be substituted for the word "food."

b. Page 4, first paragraph, the letters "U.S." are to be inserted ahead of the word "Embassy."

c. Page 13, goal number 1, the word "agricultural" is to be substituted for the word "food."

The clarifications were completed to the satisfaction of all negotiators and then the G.O.P. representatives raised the following issues for discussion.

1. *General*

In response to an issue raised in the talking points concerning reporting requirements, it was agreed that several G.O.P. representatives would meet on May 17, 1978, with U.S. Embassy representatives to clarify reporting responsibilities and procedures.

2. *New requirements*

The Portuguese representatives indicated they felt that the provision requiring *a*) that importing entities authorize funds that will enable G.O.P. representative in the U.S. to open necessary letters of credit, etc., and *b*) that Letter of Credit be opened and confirmed before loading of vessels, would cause excessive delays, and, requested an exception. U.S.G. representatives pointed out that difficulties had occurred in the past which resulted in the introduction of this provision and that an exception could not be made.

3. *UMR's*

Portuguese representatives noted that the FY 78 UMR for rice was much higher than that of FY 77 and that they did not expect to be able to comply with a UMR at that level. Anticipated total imports during CY 1978 are expected to be 47 thousand tons. The FY 78 UMR plus the shortfall from FY 77 exceeds import requirements. Thus Portuguese representatives requested that the combined UMR plus shortfall be reduced to 29 thousand tons.

U.S.G. negotiators agreed to query Washington about the possibility of a reduction but requested, and the Portuguese negotiators agreed, that Washington approval be sought for a UMR of 37 thousand tons comprised of 29 thousand for FY 78 plus 8 thousand carry-over from FY 77.

The Portuguese negotiators indicated that the proposed UMR for cotton, 485,000 bales, is more than Portugal can import by the end of the U.S. fiscal year. They requested that 1) the UMR be reduced to 450 thousand bales, and that 2) the delivery period be extended into the next fiscal year. U.S.G. representatives agreed to query Washington about the possibility of reducing the FY 78 UMR to 450,000 bales but pointed out that there was a shortfall relative to the FY 77 UMR's that would have to be imported in addition to the FY 78 UMR. G.O.P. negotiators were not aware of the shortfall and it was agreed that the issue would be discussed informally between Textile Institute officials and U.S. Embassy representatives.

U.S.G. representatives pointed out also that should delivery occur after the end of FY 78 the G.O.P. would be required to maintain the FY 78 agreement import requirements and export limitations again in FY 79.

[4]. *Self-help*

Representatives of the G.O.P. explained their thinking relative to the issue addressed in the talking paper concerning utilization of counterpart funds. The U.S.G. representatives then orally reiterated the basic thrust of and cited examples of types of projects that would be appropriate.

It was agreed that G.O.P. and U.S.G. representatives meet to explore the types of programs which should be mounted.

SUMMARY MINUTES OF NEGOTIATIONS BETWEEN THE GOVERNMENT OF PORTUGAL AND THE GOVERNMENT OF THE UNITED STATES REGARDING AN AGREEMENT FOR SALES OF AGRICULTURAL COMMODITIES UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED (PUBLIC LAW 480—83d CONGRESS)

Session: June 19, 1978
Lisbon, Portugal

Representing the Government of Portugal:

Dr. Heitor Maia e Silva, MNE
Dra. Leonor Caldeira, MNE
Dr. Carlos Farmhouse, Direcção-Geral do Tesouro, MF
Dr. José Manuel Mendes Barata, Direcção-Geral do Tesouro, MF
Dr. António Lopes de Almeida, Sec. Est. Com-Ind. Alimentares

Dr. Mário Parente, Sec. Est. Com-Ind. Alimentares
Dr. José Augusto Varela, Planeamento, MAP
Dr. Jaime Tavares Duarte, Planeamento, MAP
Dra. Maria Joana Araujo, Instituto dos Texteis
Dr. António Avillez, EPAC
Mr. Geraldes Freire, EPAC

Representing the Government of the United States:

Dr. James Ferrer, Jr.
Mr. Glen Patterson
Mr. Robert J. Wicks
Mr. Charles Buchanan, Jr.

SUMMARY MINUTES

The third formal negotiating session was opened at 1015 a.m. June 19, 1978, by Dr. Heitor Maia e Silva. After brief courtesies, representatives of both governments signed the summary minutes of the previous session agreeing to identify the office represented by GOP representative Tavares.

U.S. representatives then presented GOP negotiators with draft copies of the proposed agreement.

Relative to the proposed agreement, Portuguese representatives raised the issue of UMR's for cotton. It was agreed that the required UMR plus carryover could not be achieved during the remainder of the current fiscal year. U.S. representatives suggested that, given time constraints, further negotiation over the cotton issue would be very prejudicial to compliance with the proposed agreement relative to other commodities. U.S. negotiators suggested, therefore, that cotton be excluded from the agreement. GOP negotiators agreed that rapid signature of the agreement was necessary to avoid problems with imports of other commodities under the agreement. Portuguese negotiators agreed that cotton should not be included in FY 78 agreement and asked if the funding for cotton could be transferred to other commodities. U.S. representatives explained that the law does not permit more than 25 percent of the food assistance (on a global basis) to be programmed to countries having a *per capita* income average in excess of five hundred dollars. U.S. representatives further explained that a portion of the unused cotton funds could be applied to the purchase of food/feed grains (to the extent that prices increase). Thus making the quantities and not funding in the supply table the limiting factor.

It was further explained that since cotton from the FY 77 agreement was imported in FY 78, the export limitations had to be carried over into the current fiscal year. Portuguese representatives acknowledged the requirement and requested that the word "utilized" be struck from the end of the first sentence under item IV, Export Limitations. U.S. negotiators agreed to query Washington about the possibility of the requested deletion.

The second issue raised was the proposed UMR for rice. USG representatives announced that Washington had agreed to reduce the FY 78 UMR from 42 thousand to 33 thousand metric tons and that the carry over from FY 77 brought the total to 41 thousand metric tons. USG representatives and GOP representatives agreed that this would enable Portugal to import approximately 6 thousand tons under title I. Portuguese negotiators indicated that there should be a corresponding change in the commodity table. USG negotiators suggested that quantity and value figures be maintained in the commodity table and that at an appropriate time the GOP could request a transfer of funds to other commodities. GOP negotiators agreed.

The third issue addressed was the clarification of the revised self-help measures. USG representatives noted the addition of paragraph B, item VI. GOP negotiators acknowledged the addition and suggested that 1) capital letters be struck from the term "Agricultural Development Plan," 2) the time frame reference "1977-1980" be struck, 3) that the capital letters be removed from the words "National" and "Programs" and that the word "Service" be struck. USG negotiators agreed to the suggestion. GOP negotiators also asked whether the order of presentation of the self-help measures in the proposed agreement implied the relative importance of those measures. U.S. representatives explained that order of presentation did not indicate order of importance.

Prior to the close of the session GOP negotiators indicated their desire to sign the agreement as soon as possible. U.S. representatives agreed that it was most desirable to sign the agreement immediately, but pointed out that the agreement could not be signed until outstanding reports were delivered. U.S. representatives also reminded Portuguese negotiators that the U.S. Embassy had not been given the name of the individual who was to serve as liaison on PL 480 matters. GOP representatives promised to send a letter naming the liaison officer and to provide the reports by June 30.

SUMMARY MINUTES OF NEGOTIATIONS BETWEEN THE GOVERNMENT OF PORTUGAL AND THE GOVERNMENT OF THE UNITED STATES REGARDING AN AGREEMENT FOR SALES OF AGRICULTURAL COMMODITIES UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED (PUBLIC LAW 480—83d CONGRESS)

Session: July 25, 1978
Lisbon, Portugal

Representing the Government of Portugal:

Dr. Heitor Maia e Silva, MNE
Dra. Leonor Caldeira, MNE
Dr. Carlos Farmhouse, Direcção-Geral do Tesouro, MF
Dr. Jose Manuel Mendes Barata, Direcção-Geral do Tesouro, MF
Dr. António Lopes de Almeida, Sec. Est. Com-Ind. Alimentares
Dr. Jaime Tavares Duarte, Planeamento, MAP
Dr. Antonio Avillez, EPAC

Representing the Government of the United States:

Dr. James Ferrer, Jr.
Mr. Glen Patterson

SUMMARY MINUTES

After an initial brief exchange of courtesies, the heads of the two delegations initialed the summary minutes for the meeting of June 19, 1978.

The U.S. delegation noted that Washington agencies had agreed to eliminate cotton from the proposed FY PL 480 agreement and that those agencies would be disposed to consider a special agreement for cotton early in the United States fiscal year 1979. Because cotton would be eliminated from the FY 78 agreement, the amount of funds allotted for wheat/wheat flour and corn/sorghum were increased, respectively, to $26 million and $10.2 million. Simultaneously, the amount of funds allotted for rice was decreased to $3.8 million. As a result of these changes, the total value of the agreement was raised from $32.4 million, as discussed in the June 19 meeting, to $40 million.

The U.S. delegation reported that its latest instructions from Washington insisted upon the retention of the word "utilized" in item IV, section A. It observed that this term is universally common to PL 480 agreements. The Portuguese delegation concurred that the word "utilized" would remain in the proposed agreement.

The U.S. delegation noted that it would appreciate a more detailed statement of the Portuguese Government's self-help programs to be financed with funds generated under the PL 480 agreement. The Portuguese delegation promised to provide a letter that would outline the self-help programs in somewhat more detail. (A copy of the letter dated July 28, 1978, from the Department of Planning, Ministry of Agriculture and Fishing, is attached.)[1]

At the request of the Portuguese delegation, it was agreed to change the phrase "a coordination committee" in the first sentence of item VI, section B, to read "an individual or committee."

The U.S. delegation read the following two paragraphs which, it was agreed, would be inserted into the official minutes of the July 25 meeting:

> "In consonance with part II, item VI, of the Agricultural Sales Agreement it is proposed that Escudos 50 million of the sales proceeds generated therefrom be deposited into an AID Trust Fund Account. The use of these funds will be set forth in a separate agreement and will provide the local currency costs for the contractors selected by the Portuguese Government to furnish technical assistance in agriculture and rural development at the University and Polytechnical Institutes of Evora, Covilha, Azores, and Vila Real.
>
> "The Government of Portugal agrees to furnish no later than sixty days after signing of this agreement a schedule showing the estimated completion dates of the self-help projects programmed by the coordinating committee (to be established in accordance with the 1978 Agreement). These projects would utilize the unallocated funds remaining from the sales proceeds generated under the 1977 Agriculture Sales Agreement. The committee will also proceed as rapidly as possible with the allocation of the sales proceeds to be granted under the 1978 Agreement."

The Portuguese delegation again expressed its desire to conclude a formal agreement for FY 1978 as quickly as possible. The U.S. delegation concurred in this expressed desire and promised to notify the Portuguese Foreign Ministry as soon as the Embassy receives authorization from Washington to sign the agreement.

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[1] Not published herein; does not constitute an integral part of the Agreement. (Information provided by the Government of the United States.)

AMENDMENT TO THE COMMODITY TABLE OF THE AGREEMENT OF 4 AUGUST 1978 BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF PORTUGAL FOR SALES OF AGRICULTURAL COMMODITIES[1]

By an agreement in the form of an exchange of notes dated at Lisbon on 30 and 31 August 1978, which came into force on 31 August 1978, the date of the note in reply, in accordance with the provisions of the said notes, it was agreed to modify part II, item I, of the commodity table as follows:

> In part II, Particular Provisions, item I, under the column headed "Supply period (United States fiscal year)," change the entries for wheat/wheat flour and rice to read "1978 plus October 1 through 31, 1978."

[1] See p. 94 of this volume.