

No. 24628

**CANADA
and
POLAND**

**Long-term Grain Agreement. Signed at Ottawa on 19 April
1977**

*Authentic texts: English, French and Polish.
Registered by Canada on 20 February 1987.*

**CANADA
et
POLOGNE**

**Accord à long terme sur les céréales. Signé à Ottawa le 19 avril
1977**

*Textes authentiques : anglais, français et polonais.
Enregistré par le Canada le 20 février 1987.*

LONG TERM GRAIN AGREEMENT¹ BETWEEN CANADA AND POLAND

The Government of Canada and the Government of the Polish People's Republic, Desirous of concluding a new Long Term Grain Agreement, Have agreed as follows:

Article I. The Government of the Polish People's Republic shall buy in Canada, through the Polish Foreign Trade Enterprise Rolimpex Warszawa, hereinafter called Rolimpex, and the Government of Canada shall supply, through the Canadian Wheat Board, Winnipeg, a minimum of 1.5 million and a maximum of 2.4 million metric tons of Canadian grain, five percent more or less, quantity at Rolimpex option, for shipment from Canadian ports during the three year tenure of this Agreement from January 1, 1977 to December 31, 1979 inclusive, in the following quantities:

In each year a minimum of 450,000 and a maximum of 1.0 million metric tons, the precise quantity within this range being at Rolimpex option at the time of concluding each specific contract, except that:

- Not less than 50,000 metric tons and not more than 90,000 metric tons shall be Canada Western Amber Durum Wheat;
- The balance shall be Canadian Feed Barley and/or Canadian Feed Oats and/or Canada Western Red Spring Wheat (and/or Canada Utility Wheat subject to availability) at Buyer's option.

It is understood that the Seller will offer grain at prices competitive with grain of equal quality from other origins.

Article II. Under this Agreement the Canadian Wheat Board and Rolimpex shall conclude specific contracts in respect of each transaction. The grades of grain, delivery terms, prices and other commercial conditions will be negotiated and agreed upon by the Canadian Wheat Board and Rolimpex.

Article III. In consideration of the above undertaking, both Parties agree that the following payment terms shall apply to sales and purchases made under the provisions of this Agreement. Payment shall be by credit and the following terms shall apply:

(a) The contract price will be expressed in Canadian dollars and the financing provided in the same currency. However, at Buyer's option exercised by the notice issued not later than one month before each shipment, the financing will be provided in U.S. dollars and consequently, the value of the respective shipment converted into that currency. For the purpose of the conversion the noon rate of the Bank of Canada for U.S. dollars on the day of the Buyer's notice will be applied.

(b) Bills of Exchange (Drafts) covering 100 percent of the F.O.B. invoice value shall be prepared by the Seller and forwarded along with shipping documents for acceptance by Rolimpex and guaranteed by the Bank Handlowy w Warszawie S.A., Warszawa, as set out hereunder:

- 33.333 percent of the F.O.B. St. Lawrence/Atlantic/Pacific Coast Port value of each shipment shall be available against draft payable in Montreal in the case of Eastern

¹ Came into force on 19 April 1977 by signature, with retroactive effect from 1 January 1977, in accordance with article VIII.

shipments and Vancouver in the case of shipments from the West Coast, in Canadian dollars or U.S. dollars respectively, 24 months from the date of each Bill of Lading.

—33.333 percent of the F.O.B. St. Lawrence/Atlantic/Pacific Coast Port value of each shipment shall be available against draft payable in Montreal in the case of Eastern shipments and Vancouver in the case of shipments from the West Coast, in Canadian dollars or U.S. dollars respectively, 30 months from the date of each Bill of Lading.

—33.334 percent of the F.O.B. St. Lawrence/Atlantic/Pacific Coast Port value of each shipment shall be available against draft payable in Montreal in the case of Eastern shipments and Vancouver in the case of shipments from the West Coast, in Canadian dollars or U.S. dollars respectively, 36 months from the date of each Bill of Lading.

(c) The Bank Handlowy w Warszawie S.A., Warszawa, shall issue and transmit to the Seller a Letter of Guarantee that the Bills of Exchange referred to in paragraph (b) above will be guaranteed by the Bank Handlowy w Warszawie S.A., after acceptance by the Buyer.

(d) After the loading of the grain the Bills of Exchange drawn by the Seller shall be sent by him to Rolimpex, for acceptance and obtaining of the guarantee of the Bank Handlowy w Warszawie S.A., Warszawa. Completed Bills of Exchange shall be returned to the Seller within 15 (fifteen) days after receipt of the Bills of Exchange by Rolimpex. The Buyer shall have the option to prepay the drafts referred to in paragraph (b) above, prior to maturity, with interest calculated to the date of actual payment at the rate applicable to said drafts, determined in accordance with procedure outlined in (e) below.

(e) Interest shall be calculated for 6 month periods on each cargo and such interest shall be added to the principal for the purposes of calculating interest for the ensuing 6 months, at the rate per annum payable by the Seller as referred to in paragraphs (f) and (g) in accordance with the buyer's election of financing options referred to in paragraph (a), and shall be paid together with the Bills of Exchange at time of maturity as referred to above. The payment of interest on the respective due dates will be guaranteed by a Letter of Guarantee issued on the instructions of Rolimpex by the Bank Handlowy w Warszawie S.A., Warszawa. The said Letter of Guarantee shall be sent to the Seller simultaneously with the return of the completed Bills of Exchange referred to in paragraph (b) above.

(f) In the case of the credit in Canadian dollars, the rate of interest is the rate payable by the Canadian Wheat Board on its borrowings from Canadian chartered banks in this currency on the date of the Bill of Lading of each shipment. The rate payable by the Wheat Board to the chartered banks on its borrowings in Canadian dollars is currently one-quarter of one percent below the Canadian prime rate.

(g) In the case of the credit in U.S. dollars, the rate of interest is the rate payable by the Canadian Wheat Board on its borrowings from Canadian chartered banks in that currency, i.e.—at Buyer's option exercised by one month's notice referred to in paragraph (a) above.

(i) Either the variable rate calculated on each cargo on the basis of the London Inter-Bank Offered Rate (LIBOR) for 6 months' Eurodollar deposits with the "spread" of one-half of one percent,

(ii) Or the fixed rate calculated on the basis of the LIBOR for the periods corresponding to the maturity of the respective Bills of Exchange referred to in paragraph (b) i.e. for 2, 2 1/2 and 3 years' Eurodollar deposits (without any "spread") at the time each cargo is shipped. In this case interest shall be calculated for yearly periods. (Article 3 (g) (ii) subject to the Wheat Board being able to provide financing on such conditions.)

(h) All bank charges for negotiating documents, etc., in Canada shall be for account of the Seller. All bank charges for negotiating documents, etc., in Poland shall be for account of the Buyer.

Article IV. The Buyer will have the right to convert into U.S. dollars the existing debt (Bills of Exchange) expressed in Canadian dollars, resulting from previous shipments made under the Long Term Grain Agreement of 24th November, 1976, as well as under the preceding Grain Agreement.¹ The corresponding provisions of Article III will then apply to this conversion.

The dates of the conversion, which can be made in the whole or in parts, should be harmonised with the interest periods and maturity dates of the respective Bills of Exchange.

With respect to the Grain Agreement preceding that of 24th November, 1976, the interest will be calculated up to the day of the next interest payment due and this interest payment being effected, the debt will be converted at Buyer's option.

With respect to obligations on which no interest is to be received until 24, 30, 36 months respectively, interest for the six month period in Canadian funds will be calculated and added, together with interest for preceding six month periods, if applicable, to the principal sum outstanding before conversion at the Buyer's option.

Article V. All quantities shipped after December 1, 1976, shall form part of the overall quantity to be shipped during the first year of this Agreement. The credit terms of this Agreement shall apply to above mentioned shipments.

Article VI. Quantities of Canadian grain which may be purchased and supplied in excess of the maximum amounts provided for in Article I will be subject to separate negotiations between the two parties on the basis of Buyer's requirements, Seller's supply position, and buying and selling terms, including the possibility of credit, which will be examined in the light of circumstances prevailing at the time.

Article VII. The Government of the Polish People's Republic shall not divert to another country any grain purchased under these arrangements without obtaining prior approval from the Government of Canada.

Article VIII. This Agreement shall enter into force on the date of its signature, with retroactive effect from January 1st, 1977, and shall remain in effect for a period of three years.

[*For the testimonium and signatures, see p. 83 of this volume.*]

¹ See "Long Term Grain Agreement signed at Ottawa on 12 December 1973" in United Nations, *Treaty Series*, vol. 978, p. 3.

IN WITNESS WHEREOF the undersigned, duly authorized for this purpose by their respective governments, have signed the present Agreement and have affixed thereto their seals.

DONE in two copies at Ottawa this 19th day of April, 1977, in the English, French and Polish languages, each version being equally authentic.

EN FOI DE QUOI les soussignés, dûment autorisés à cet effet par leurs gouvernements respectifs, ont signé le présent Accord et y ont apposé leurs sceaux.

FAIT en deux exemplaires à Ottawa ce 19^e jour d'avril de 1977, en langues française, anglaise et polonaise, chaque version faisant également foi.

NA DOWÓD CZEGO niżej podpisani należycie uppełnomocnieni przez swoje Rządy niniejszą umowę podpisali i opatrzyli ją odpowiednimi pieczęciami.

UMOWĘ NINIEJSZĄ SPORZĄDZONO w Ottawie dnia 19 kwietnia 1977 roku w dwóch egzemplarzach, każdy w językach angielskim, francuskim i polskim, przy czym każdy tekst ma jednakową moc.

[Signed — Signé]¹

For the Government of Canada
Pour le Gouvernement du Canada
W imieniu Rządu Kanady

[Signed — Signé]²

For the Government of the Polish People's Republic
Pour le Gouvernement de la République Populaire de Pologne
Z upoważnienia Rządu Polskiej Rzeczypospolitej Ludowej³

¹ Signed by Jean Chrétien — Signé par Jean Chrétien.

² Signed by Jerzy Olszewski — Signé par Jerzy Olszewski.

³ Signed by Jerzego Olszewskiego — Signé par Jerzego Olszewskiego.