

No. 4900

**UNITED STATES OF AMERICA
and
CEYLON**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at
Colombo, on 13 March 1959**

Official text: English.

Registered by the United States of America on 3 October 1959.

**ÉTATS-UNIS D'AMÉRIQUE
et
CEYLAN**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favoriser
le commerce agricole, telle qu'elle a été modifiée
(avec échange de notes). Signé à Colombo, le 13 mars
1959**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 3 octobre 1959.

No. 4900. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
CEYLON UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT COLOMBO, ON 13 MARCH 1959

The Government of the United States of America and the Government of Ceylon :

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States in these commodities, unduly disrupt world prices of agricultural commodities, or normal patterns of commercial trade with friendly countries;

Considering that the purchase for Ceylon rupees of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Ceylon rupees accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales, as specified below, of surplus agricultural commodities to Ceylon pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

Article I

SALES FOR CEYLON RUPEES

Subject to the issuance by the Government of the United States of America and acceptance by the Government of Ceylon of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Ceylon, for Ceylon rupees, of the following agricultural commodities determined to be surplus pursuant to the Act in the amount indicated :

¹ Came into force on 13 March 1959, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Amount (Millions)</i>
Wheat flour	4.2
Rice	2.9
Ocean transportation	1.5
	TOTAL \$8.6

Purchase authorizations will be issued not later than ninety (90) calendar days after the effective date of this agreement. They will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupees accruing from such sale and other relevant matters.

Article II

USES OF RUPEES

The two Governments agree that the rupees accruing to the Government of the United States of America as a consequence of the sales made pursuant to this agreement will be used by the Government of the United States of America in such manner and order of priority as the Government of the United States of America may determine, for the following purposes, in the amounts shown :

1. For the United States expenditures under sub-sections (a), (b), (d), (f), (h), (i), (k), (l), (m), (n) and (o) of Section 104 of the Act, or under any of such sub-sections, the Ceylon rupee equivalent of \$1.68 million. Uses under sub-section (k), (l), (m), (n) and (o) are subject to legislative action by the Congress of the United States.

2. For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of said Act and for administrative expenses of the Export-Import Bank of Washington in Ceylon incident thereto the rupee equivalent of \$2.20 million, but not more than 25 percent of the currencies received under the agreement. It is understood that :

(a) Such loans under Section 104 (e) of the Act will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Ceylon for business development and trade expansion in Ceylon and to United States firms and Ceylon firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of and markets for United States agricultural products. In the event the rupees set aside for loans under Section 104 (e) of the Act, as amended, are not advanced within three years from the date of this Agreement because the Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the Central Bank of Ceylon, the Government of

the United States of America may use the rupees for any purpose authorized by Section 104 of the Act, as amended.

- (b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Ceylon acting through the Central Bank of Ceylon. The Governor of the Central Bank of Ceylon, or his designate, will act for the Government of Ceylon, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.
- (c) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the Central Bank of Ceylon of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, and the general purposes for which the loan proceeds would be expended.
- (d) When the Export-Import Bank is prepared to act favorably upon an application it will so notify the Central Bank of Ceylon and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to those prevailing in Ceylon on comparable loans and the maturities will be consistent with the purposes of the financing.
- (e) Within sixty days after the receipt of notice that the Export-Import Bank is prepared to act favorably upon an application the Central Bank of Ceylon will indicate to the Export-Import Bank whether or not the Central Bank of Ceylon has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Central Bank of Ceylon it shall be understood that the Central Bank of Ceylon has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Central Bank of Ceylon.

3. For a grant to the Government of Ceylon under sub-section (e) of Section 104 of the Act, the rupee equivalent of not more than \$1.29 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Ceylon, as may be mutually agreed upon, with emphasis on non self-liquidating projects particularly in health and education.

4. For a loan to the Government of Ceylon under sub-section (g) of Section 104 of the Act, the rupee equivalent of not more than \$3.43 million, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Ceylon, as may be mutually agreed upon. It is understood that the loan will be denominated in dollars with payment of principal and interest to be made in rupees, such payments in rupees to be made at the applicable exchange rate as defined in the loan agree-

ment. The terms and conditions of the loan and other provisions will be set forth in a supplemental loan agreement between the two Governments.

In the event the total of rupees accruing to the Government of the United States of America as a consequence of sales made pursuant to the Agreement is less than the rupees equivalent of \$8.6 million the amount available for a loan to the Government of Ceylon under Section 104 (g) may be reduced by the amount of such difference; in the event the total rupee deposit exceeds the equivalent of \$8.6 million, 55 percent may be available for the loan under 104 (g) and 45 percent for any use or uses authorized under Section 104 of the Act as determined by the Government of the United States of America.

In the event that the rupees set aside for grants and loans under paragraphs 4 and 5 of this Article are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on the use of the rupees for grant and loan purposes, the Government of the United States of America may use the rupees for any other purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF CEYLON RUPEES

Ceylon rupees shall be deposited to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks or by the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERSTANDINGS

The Government of Ceylon agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purpose (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability of this or a like commodity to nations unfriendly to the United States of America.