No. 5290

UNITED STATES OF AMERICA
and
PERU

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with exchange of notes). Signed at Lima, on 12 February 1960

Official texts: English and Spanish.

Registered by the United States of America on 4 August 1960.

ÉTATS-UNIS D'AMÉRIQUE
et
PÉROU

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 Lima, le 12 février 1960

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 4 août 1960.

No. 5290. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE UNITED STATES OF AMERICA AND PERU UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT LIMA, ON 12 FEBRUARY 1960

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

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 of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries :

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

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

Desiring to set forth the understanding which will govern the sales of surplus agricultural commodities to Peru 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 soles

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

[1] Came into force on 12 February 1960, upon signature, in accordance with article VI.

Commodity	*Export market value (Million)*
Wheat and products	$7.5
Edible fats and oils	.9
Rice	2.6
Ocean transportation (50% est.)	1.0
TOTAL	$12.0

Applications for purchase authorizations will be made as soon as possible after the signing of this Agreement for 40,000 MT of wheat and for all other commodities in the amounts provided herein. Applications for purchase authorizations for an additional 40,000 MT of wheat will be made during the first quarter of U.S. FY 1961 and for the remaining wheat during the first quarter of U.S. FY 1962.

The two Governments agree that the issuance of purchase authorizations for wheat providing for purchase after June 30, 1960, shall be dependent upon the determination by the United States Government that wheat is in surplus supply and available under Title I, of the Act at that time. The two Governments also agree that the financing of further sales of wheat beyond June 30, 1960 may be terminated or continued at a reduced level if it is determined by either Government that continuance of wheat sales at the agreed level is not justified on economic grounds or for foreign policy reasons.

Article II

USES OF SOLES

The two Governments agree that the soles 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, the amounts shown :

1. For payment of expenditures by the United States of America in Peru under subsections (*a*), (*b*), (*c*), (*d*), (*h*), (*i*), (*j*), (*k*), (*l*), (*m*), (*n*), (*o*), (*p*), (*q*) and (*r*) of Section 104 of the Act, the sol equivalent of $1.2 million.

2. To pay for United States obligations in Peru of the types provided for under Subsection (*f*) of Section 104, the sol equivalent of $2.4 million.

3. For loans to be made by the Export-Import Bank of Washington under Section 104 (*e*) of the Act and for administrative expenses of the Export-Import

Bank of Washington in Peru incident thereto the sol equivalent of $3.0 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 Peru for business development and trade expansion in Peru and to United States firms and Peru 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 soles set aside for loans under Section 104 (*e*) of the Act 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 Banco de Fomento Agropecuario of Peru, the Government of the United States of America may use the soles for any purpose authorized by Section 104 of the Act.

(*b*) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Peru acting through the Banco de Fomento Agropecuario of Peru. The General Manager of the Banco de Fomento Agropecuario of Peru, or his designate, will act for the Government of Peru, 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 Banco de Fomento Agropecuario of Peru 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 Banco de Fomento Agropecuario of Peru 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 Peru 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 Banco de Fomento Agropecuario of Peru will indicate to the Export-Import Bank whether or not the Banco de Fomento Agropecuario of Peru has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Banco de Fomento Agropecuario of Peru it shall be understood that the Banco de Fomento Agropecuario of Peru has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Banco de Fomento Agropecuario of Peru.

4. For a loan to the Government of Peru under subsection (*g*) of Section 104 of the Act, the sol equivalent of not more than $5.4 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Peru, as may be mutually agreed upon. The terms and conditions of the loan and other provisions will be set forth in a separate agreement between the two Governments.

In the event the total of soles accruing to the Government of the United States of America as a consequence of sales made pursuant to the Agreement is less than the sol equivalent of $12.0 million the amount available for a loan to the Government of Peru under Section 104 (*g*) may be reduced by the amount of such difference; in the event the total sol deposit exceeds the equivalent of $12.0 million, 45 percent may be available for the loan under 104 (*g*) and 55 percent for any use or uses authorized under Section 104 as determined by the Government of the United States of America, except that funds accrued from the sale of commodities in the period ending June 30, 1960 will be distributed 55 percent for U.S. uses (including loans under Section 104 (*e*)) and 45 percent for economic development loans under Section 104 (*g*). Any short fall in sales during this period will be carried over into the following years and deducted from the funds made available for economic development loans under Section 104 (*g*), in the remainder of the period of this agreement.

In the event that agreement is not reached on the use of soles set aside for loans under paragraph 4 of this Article within three years from the date of this Agreement the Government of the United States of America may use the soles for any purposes authorized by Section 104 of the Act.

Article III

DEPOSIT OF PERUVIAN SOLES

The deposit of Peruvian soles 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) shall be made 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 the United States of America, as provided in the purchase authorization.