No. 6558

UNITED STATES OF AMERICA
and
BRAZIL

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with exchange of notes). Signed at Brasilia, on 15 March 1962

Official texts: English and Portuguese.

Registered by the United States of America on 14 March 1963.

ÉTATS-UNIS D'AMÉRIQUE
et
BRÉSIL

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 Brasilia, le 15 mars 1962

Textes officiels anglais et portugais.

Enregistré par les États-Unis d'Amérique le 14 mars 1963.

No. 6558. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF BRAZIL UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT BRASILIA, ON 15 MARCH 1962

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

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 cruzeiros of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

Considering that the cruzeiros accruing from such purchase 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 agricultural commodities to Brazil 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 cruzeiros

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Brazil of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sales for cruzeiros to purchasers authorized by the Government of Brazil of the following agricultural commodities in the amounts indicated :

[1] Came into force on 15 March 1962, upon signature, in accordance with article VI.

Commodity	Export Market Value
Wheat, including flour	$50.6 million
Corn	1.8 million
Ocean Transportation (estimated)	6.2 million
TOTAL	$58.6 million

2. Applications for purchase authorizations will be made within ninety (90) calendar days of the effective date of this Agreement except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this Agreement will be made within ninety (90) days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstance of deposit of the cruzeiros accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within eighteen (18) calendar months of the effective date of this Agreement.

4. It is understood that the sale of wheat and corn under this Agreement is not intended to increase the availability of wheat or wheat products and corn or corn products for export and is made on the condition that no exports of such commodities will be made from Brazil during the period that the respective commodities are being imported and utilized.

5. It is understood that the sale of agricultural commodities under this Agreement is intended to assist in meeting Brazilian requirements for such commodities through December 31, 1962. It is further understood that recognizing that the Government of Brazil may require additional quantities of such commodities in 1963 and subsequent years, the Government of the United States will give consideration to any future request by the Government of Brazil for the sale of agricultural commodities under Title I of the Act, to the extent that the desired commodities are available for such sale, that mutual agreement can be reached as to the terms of such sale and the uses of the local currency thereunder, and that it is established that such sale does not interfere with traditional sales to Brazil by other friendly supplying countries.

6. The financing, sale and delivery of commodities under this Agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

Article II

USES OF CRUZEIROS

The cruzeiros accruing to the Government of the United States of America as a consequence of 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 shall determine, for the following purposes, in the proportions shown :

(*a*) For United States expenditures under subsections (*a*), (*b*), (*c*), (*f*), (*h*), (*i*), (*j*), (*k*), (*l*), (*m*), (*n*), (*o*), (*p*), (*q*), (*r*) and (*s*) of Section 104 of the Act, or under any of such subsections twenty (20) percent of the cruzeiros deposited pursuant to Article III below.

(*b*) For grants to the Government of Brazil under Section 104 (*e*) of the Act for financing such economic development projects, primarily in the Northeast of Brazil, as may from time to time be mutually agreed, twenty (20) percent of the cruzeiros accruing pursuant to this Agreement.

(*c*) For a loan to the Government of Brazil through the Banco Nacional do Desenvolvimento Econômico under Section 104 (*g*) of the Act for financing such projects to promote economic development as may be mutually agreed, including projects not heretofore included in plans of the Government of Brazil, sixty (60) percent of the cruzeiros accruing pursuant to this Agreement, in accordance with the provisions of a separate loan agreement. A portion of the cruzeiros set aside under this subsection equivalent to not less than ten (10) percent of the total cruzeiros accruing pursuant to this Agreement shall be reserved for relending by the Government of Brazil to private enterprise under procedures to be agreed on by the two Governments.

(*d*) For use by the Government of the United States of America for any purposes authorized by Section 104 of the Act, cruzeiros set aside for grants and loans under (*b*) and (*c*) above in the event that they are not disbursed from the "special account" of the Government of the United States of America in the Banco do Brasil, referred to in paragraph 2 of Article III below, within three (3) years from the date of this Agreement.

Article III

Deposit of cruzeiros

1. The amount of cruzeiros to be deposited to the account of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into cruzeiros, as follows :

(*a*) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States of America provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Brazil, or (*b*) if more than one legal rate for foreign exchange transactions exists, the rate of exchange shall be mutually agreed upon from time to time between the Government of the United States of America and the Government of Brazil.

2. Upon receipt by the Government of Brazil of notice of dollar disbursements to United States exporters by the Government of the United States of America or in such other manner as may be mutually agreed the Government of Brazil shall provide for the deposit of the cruzeiro equivalent of the dollar disbursements by the Government of the United States of America for payment of the transactions concerned in a "special account" of the Government of the United States of America in the Banco do Brasil. The cruzeiros constituting the twenty (20) percent specified in Article II (*a*) may, at the option of the Government of the United States of America, be withdrawn at any time from the special account in the Banco do Brasil.

3. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of cruzeiros which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

Article IV

General undertakings

1. The Government of Brazil will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America) of the 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 these or like commodities to nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of agricultural commodities made pursuant to this Agreement will 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.

3. In carrying out this Agreement the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of Brazil agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, partic-