No. 6821

UNITED STATES OF AMERICA
and
PARAGUAY

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with exchange of notes). Signed at Asunción, on 24 November 1962

Official texts: English and Spanish.

Registered by the United States of America on 16 July 1963.

ÉTATS-UNIS D'AMÉRIQUE
et
PARAGUAY

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 Asunción, le 24 novembre 1962

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 16 juillet 1963.

No. 6821. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PARAGUAY UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT ASUNCIÓN, ON 24 NOVEMBER 1962

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

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

Considering that the guaraníes 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 Paraguay 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 GUARANÍES

1. Subject to the availability of commodities for programing under the Act and to issuance by the Government of the United States of America and acceptance by the Government of Paraguay of purchase authorizations, the Government of the United States of America undertakes to finance the sales for guaraníes to purchasers authorized by the Government of Paraguay of the

[1] Came into force on 24 November 1962, upon signature, in accordance with article VI.

following agricultural commodities determined to be surplus pursuant to the Act in the amounts indicated :

Commodity	Export Market Value
Wheat, including flour	$2, 900, 000
Ocean transportation	400, 000
TOTAL	$3, 300, 000

2. Applications for purchase authorizations will be made within 90 calendar days after the effective date of this Agreement except that application for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this Agreement will be made within 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 circumstances of deposit of the guaraníes accruing from such sale, and other relevant matters.

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

4. 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

USE OF GUARANÍES

1. The two Governments agree that the guaraníes 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 amount's shown :

a. For United States expenditures under subsections (*a*), (*b*), (*c*), (*d*), (*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, 25 percent of the guaraníes accruing under the Agreement.

b. For loans to be made by the Agency for International Development of Washington under Section 104 (*e*) of the Act and for administrative expenses of the Agency for International Development of Washington in Paraguay incident thereto, twenty-five percent of the guaraníes accruing under the Agreement. It is understood that :

(1) Such loans under Sections 104 (*e*) of the Act will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Paraguay for business development and trade expansion in Paraguay and to United States firms and Paraguayan firms for the establishment of facilities for aiding the utilization, distribution, or otherwise increasing the consumption of and markets for United States agricultural products.

(2) Loans will be mutually agreeable to the Agency for International Development of Washington and the Government of Paraguay. The President of the Central Bank of Paraguay, or his designate, will act for the Government of Paraguay, and the Administrator of the Agency for International Development of Washington, or his designate, will act for the Agency for International Development of Washington.

(3) Upon receipt of an application which the Agency for International Development is prepared to consider, the Agency for International Development will inform the Central Bank of Paraguay 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.

(4) When the Agency for International Development is prepared to act favorably upon an application, it will so notify the Central Bank of Paraguay 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 that prevailing in Paraguay on comparable loans, and the maturities will be consistent with the purposes of the financing.

(5) Within 60 days after the receipt of the notice that the Agency for International Development is prepared to act favorably upon an application, the Central Bank of Paraguay will indicate to the Agency for International Development whether or not the Central Bank of Paraguay has any objection to the proposed loan. Unless within the sixty day period the Agency for International Development has received such a communication from the Central Bank of Paraguay, it shall be understood that the Central Bank of Paraguay has no objection to the proposed loan. When the Agency for International Development approves or declines the proposed loan, it will notify the Central Bank of Paraguay.

(6) In the event the guaraníes 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 Agency for International Development of Washington has

not approved loans or because proposed loans have not been mutually agreeable to the Agency for International Development of Washington and the Central Bank of Paraguay, the Government of the United States of America may use the guaraníes for any purpose authorized by Section 104 of the Act.

c. For a grant to the Government of Paraguay under Section 104 (*e*) of the Act, 20 percent of the guaraníes accruing under the Agreement for financing such projects to promote balanced economic developments as may be mutually agreed.

d. For a loan to the Government of Paraguay under subsection (*g*) of Section 104 of the Act, 30 percent of the guaraníes accruing under the Agreement for financing such projects to promote balanced economic development, including projects not heretofore included in plans of the Government of Paraguay as may be mutually agreed. In the event that agreement is not reached on the use of the guaraníes for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the local currency for any purposes authorized by Section 104 of the Act.

Article III

Deposit of guaraníes

1. The amount of Paraguayan guaraníes to be deposited to the account of the United States 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 (except excess costs resulting from the requirement that United States flag vessels be used) converted into Paraguayan guaraníes as follows :

a. at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Paraguay 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 and the Government of Paraguay.

2. In the event that a subsequent agricultural commodities agreement or agreements should be signed by the two Governments under the Act, any refunds of Paraguayan guaraníes which may be due or become due under this Agreement more than two years from the effective date of this Agreement will be made by the Government of the United States of America from funds