No. 7220

UNITED STATES OF AMERICA
and
BRAZIL

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with agreed minutes and exchange of notes). Signed at Rio de Janeiro, on 11 September 1963

Official texts: English and Portuguese.

Registered by the United States of America on 22 April 1964.

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 procès-verbal approuvé et échange de notes). Signé à Rio de Janeiro, le 11 septembre 1963

Textes officiels anglais et portugais.

Enregistré par les États-Unis d'Amérique le 22 avril 1964.

No. 7220. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED STATES OF BRAZIL UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT RIO DE JANEIRO, ON 11 SEPTEMBER 1963

The Government of the United States of America and the Government of the United States 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 11 September 1963, upon signature, in accordance with article VI.

Commodity	*Export Market Value*
Wheat, including flour	$82.7 million
Ocean transportation (estimated)	$11.7 million
	$94.4 million

2. Applications for purchase authorizations for $20.0 million wheat and certain ocean transportation costs will be made within 90 days after the effective date of this Agreement.

3. The amount for Calendar Year 1964 will be determined on the basis of an annual review to be made by the two Governments prior to the beginning of the calendar year. The review shall take into account the United States stock position of each commodity, usual marketings, changes in Brazil's production, consumption, stocks, imports and exports of these and related commodities, storage facilities and other matters. Applications for purchase authorizations for the Calendar Year 1964 will be within 90 days from the date of conclusion of such annual review.

4. Applications for purchase authorization 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.

5. 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 proportion shown:

a) For United States expenditures under subsection (*a*), (*b*), (*c*), (*f*), and (*h*) through (*s*) of Section 104 of the Act, or under any of such subsections twenty (20) per cent 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) per cent of the cruzeiros accruing pursuant to this Agreement.

c) For loans to the Government of Brazil through the " Banco Nacional do Desenvolvimento Econômico ", the " Superintendência do Desenvolvimento do Nordeste ", or such other entities as may be mutually agreed, to assist in financing economic or social development projects or purposes under procedures to be agreed upon by the two Governments in one or more separate credit agreements sixty (60) per cent of the cruzeiros accruing pursuant to this agreement. A portion of the cruzeiros set aside under this subsection equivalent to not less than ten (10) per cent 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 Brazil, referred to in paragraph 2 of Article III below, within four (4) 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. 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) per cent 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 three 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 of the agricultural commodities purchased pursuant to this Agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America); to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities puchased pursuant to this Agreement during the period beginning on the date of this Agreement and ending with the final date on which such commodities are received and utilized (except where such export is specifically approved by the Government of the United States of America); and to ensure that the purchase of commodities pursuant to this Agreement does not result in increased availability of the same or like commodities to nations unfriendly to the United States of America.

2. The two Governments will take reasonable precautions to assure that all sales or purchases of agricultural commodities 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 will furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to the arrival and condition of commodities and the provisions for the maintenance of usual marketings, and information relating to exports of the same or like commodities.