No. 7431

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 13 February 1964

Official texts: English and Spanish.

Registered by the United States of America on 30 September 1964.

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 13 février 1964

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 30 septembre 1964.

No. 7431. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PERU UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT LIMA, ON 13 FEBRUARY 1964

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

Considering that the Peruvian soles 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 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 the following :

Article I

Sales for Peruvian soles

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

[1] Came into force on 13 February 1964, upon signature, in accordance with article VI.

Commodity	*Export Market Value (million)*
Edible vegetable oil	$1.51
Wheat/wheat flour	2.47
Rice	3.30
Bulgar	.48
Ocean transportation (est.)	.93
	$8.69

2. Applications for purchase authorizations will be made within 90 days after 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 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 Peruvian soles accruing from such sale, and other relevant matters.

3. 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 PERUVIAN SOLES

1. The Peruvian soles 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 amounts shown :

A. For United States expenditures under subsections (*a*), (*b*), (*c*), (*d*), (*f*), and (*h*) through (*s*) of Section 104 of the Act, or under any of such subsections, 35 per cent of the Peruvian soles accruing pursuant to this Agreement.

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as AID) under Section 104 (*e*) of the Act and for administrative expenses of AID in Peru incident thereto, 10 per cent of the Peruvian soles accruing pursuant to this Agreement. It is understood that :

(1) 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 Peruvian

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.

(2) Loans will be mutually agreeable to AID and the Government of Peru, acting through the Banco de Fomento Agropecuario. The President and/or General Manager of the Banco de Fomento Agropecuario, or his designate, will act for the Government of Peru, and the Administrator of AID, or his designate, will act for AID.

(3) Upon receipt of an application which AID is prepared to consider, AID will inform the Banco de Fomento Agropecuario 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 expanded.

(4) When AID is prepared to act favorably upon an application, it will so notify Banco de Fomento Agropecuario 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 Peru on comparable loans, and the maturities will be consistent with the purposes of the financing.

(5) Within sixty days after the receipt of the notice that AID is prepared to act favorably upon an application, Banco de Fomento Agropecuario will indicate to AID whether or not Banco de Fomento Agropecuario has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from Banco de Fomento Agropecuario, it shall be understood that Banco de Fomento Agropecuario has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify Banco de Fomento Agropecuario.

(6) In the event the Peruvian 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 AID has not approved loans or because proposed loans have not been mutually agreeable to AID and Banco de Fomento Agropecuario, the Government of the United States of America may use the Peruvian soles for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Peru under Section 104 (*g*) of the Act for a loan to the La Molina Nacional Agrarian University and other uses as are agreed to by both the Government of Peru and the Government of the United States, 55 per cent of the Peruvian soles accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the Peruvian soles for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the soles for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF PERUVIAN SOLES

1. The amount of Peruvian soles to be deposited to the account of the Government 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 Peruvian soles, 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 the present unitary system of exchange applying to all foreign exchange transactions is maintained by the Government of Peru, or

(*b*) If the present unitary exchange system for foreign exchange transactions is modified, it will be necessary to fix at appropriate dates a rate of exchange agreed upon between the Government of Peru and the Government of the United States of America.

2. In the event that any subsequent agricultural commodities agreement or agreements should be signed by the two Governments under the Act, any refunds of Peruvian soles 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.

3. Any refunds of Peruvian soles which may be due or become due under any prior agricultural commodities agreement under the Act for which undisbursed funds are no longer available in the accounts of the United States Disbursing Officer in Peru will be made by the Government of the United States of America from funds available under this Agreement.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Peru 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 purchased 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