

No. 8342

**UNITED STATES OF AMERICA
and
CHILE**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes). Signed at Santiago,
on 27 July 1965**

Official texts : English and Spanish.

Registered by the United States of America on 29 September 1966.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHILI**

**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 Santiago, le 27 juillet 1965**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 29 septembre 1966.

No. 8342. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF CHILE
UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT SANTIAGO, ON 27 JULY 1965

The Government of the United States of America and the Government of Chile ;

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

Considering that the Chilean escudos 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 Chile 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 CHILEAN ESCUDOS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Chile 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 Chilean escudos, to purchasers authorized by the Government of Chile, of the following agricultural commodities in the amounts indicated :

¹ Came into force on 23 September 1965, the date of the diplomatic note by which the Government of Chile informed the Government of the United States of America that the Agreement had been approved under its Constitutional Law, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat	\$12.11
Corn	2.93
Butteroil	1.25
Nonfat dry milk	1.41
Tobacco	2.05
	TOTAL \$19.75

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 Chilean escudos accruing from such sale, and other relevant matters.

The Government of the United States of America will finance ocean transportation costs incurred pursuant to this agreement only to the extent that such costs are higher than otherwise would be the case by reason of the requirement that approximately 50 percent by tonnage of the commodities be transported in United States flag vessels. The balance of cost for commodities required to be carried in United States flag vessels shall be paid in dollars by the Government of Chile. The Government of Chile will not be required to deposit escudos for ocean transportation financed by the Government of the United States of America.

Promptly after contracting for United States flag shipping space required to be used, and in any event not later than presentation of vessels for loading, the Government of Chile will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities in United States flag vessels.

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 CHILEAN ESCUDOS

The Chilean escudos 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 Govern-

ment 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), (d), (f) and (h) through (i) of Section 104 of the Act, or under any of such subsections, 35 percent of the Chilean escudos 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 Chile incident thereto, 15 percent of the Chilean escudos 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 Chile for business development and trade expansion in Chile and to United States firms and Chilean 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 Chile, acting through the General Manager of the Central Bank of Chile (hereinafter referred to as The Central Bank). The General Manager of The Central Bank of Chile, or his designate, will act for the Government of Chile, 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 Central Bank of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, and the general purpose for which the loan proceeds would be expended.
- (4) When AID is prepared to act favorably upon an application, it will so notify The Central Bank 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 Chile on comparable loans, provided such rate is not lower than the cost of funds to the United States Treasury on comparable maturities, and the maturities will be consistent with the purpose of the financing.
- (5) Within sixty days after the receipt of the notice that AID is prepared to act favorably upon an application, The Central Bank will indicate to AID whether or not The Central Bank has any objection to the proposed loan. When AID approves or declines the proposed loan it will notify The Central Bank.
- (6) In the event the Chilean escudos set aside for loans under Section 104 (e) of the Act are not advanced before December 31, 1967, because AID has not approved

loans or because proposed loans have not been mutually agreeable to AID and The Central Bank, the Government of the United States of America may use the Chilean escudos for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Chile under Section 104 (g) of the Acts for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Chile, as may be mutually agreed, 50 percent of the Chilean escudos 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 Chilean escudos for loan purposes under Section 104 (g) of the Act before December 31, 1967, the Government of the United States of America may use the Chilean escudos for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF CHILEAN ESCUDOS

1. The amount of Chilean escudos 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 financed by the Government of the United States of America converted into Chilean escudos, as follows :

- (a) at the rate applying to all foreign exchange transactions on the dates of dollar disbursement by the United States, provided that a unitary exchange rate is maintained by the Government of Chile, or
- (b) if more than one legal rate for foreign exchange transactions exist, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of Chile.

2. The Government of the United States of America shall determine which of its funds shall be used to pay refunds of Chilean escudos which become due under this Agreement or which are due or become due under any prior agricultural commodities agreement. A reserve will be maintained under this agreement for two years from the effective date of this agreement which may be used for the payment of such refunds. Any payment out of this reserve shall be treated as a reduction in the total Chilean escudos accruing to the Government of the United States of America under this agreement.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Chile will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes of the