

No. 8403

**UNITED STATES OF AMERICA
and
CEYLON**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes). Signed at Colombo,
on 12 March 1966**

Official text: English.

Registered by the United States of America on 21 November 1966.

**ÉTATS-UNIS D'AMÉRIQUE
et
CEYLAN**

**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 Colombo, le 12 mars 1966**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 21 novembre 1966.

No. 8403. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CEYLON UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT COLOMBO, ON 12 MARCH 1966

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

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

Considering that the Ceylon rupees 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 Ceylon pursuant to Title I of the Agricultural 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 CEYLON RUPEES

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Ceylon 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

¹ Came into force on 12 March 1966, upon signature, in accordance with article VI.

the sales for Ceylon rupees, to purchasers authorized by the Government of Ceylon, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Approximate Quantity (Metric Tons)</i>	<i>Export Market Value (Millions)</i>
Wheat flour/Wheat	50,000	\$3.8
Corn/Grain sorghum	5,000	0.3
	TOTAL	\$4.1

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 Ceylon rupees 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 Ceylon. The Government of Ceylon will not be required to deposit rupees 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 vessel for loading, the Government of Ceylon will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities carried 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 CEYLON RUPEES

The Ceylon rupees 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), (d), (f) and (h) through (t) of Section 104 of the Act, or under any of such subsections, 20 percent of the Ceylon rupees 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 Ceylon incident thereto, 10 percent of the Ceylon rupees 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 Ceylon for business development and trade expansion in Ceylon and to United States firms and Ceylon 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 Ceylon, acting through the Central Bank of Ceylon. The Governor of the Central Bank of Ceylon, or his designate, will act for the Government of Ceylon, 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 Ceylon 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 AID is prepared to act favorably upon an application, it will so notify the Central Bank of Ceylon 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 Ceylon on comparable loans, provided such rate is not lower than cost of funds to the United States Treasury on comparable maturities, 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, the Central Bank of Ceylon will indicate to AID whether or not the Central Bank of Ceylon has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from the Central Bank of Ceylon, it shall be understood that the Central Bank of Ceylon has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the Central Bank of Ceylon.

- (6) In the event the Ceylon rupees set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this agreement or such extended period as may be agreed between the Government of Ceylon and the Government of the United States of America because AID has not approved loans or because proposed loans have not been mutually agreeable to AID of Washington, and the Central Bank of Ceylon, the Government of the United States of America may use the Ceylon rupees for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Ceylon under Section 104 (g) of the Act for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Ceylon, as may be mutually agreed, 70 percent of the Ceylon rupees 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 Ceylon rupees for loan purposes under Section 104(g) of the Act within three years from the date of this agreement or such extended period as may be agreed between the Government of Ceylon and the Government of the United States of America, the Government of the United States of America may use the Ceylon rupees for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF CEYLON RUPEES

1. The Government of Ceylon will deposit to the account of the Government of the United States of America an amount of Ceylon rupees equivalent to the dollar sales value of the commodities financed by the Government of the United States of America converted into Ceylon rupees at the applicable rate of exchange in effect on the date of dollar disbursement by the Government of the United States of America.

- (a) If a unitary exchange rate system is maintained by the Government of Ceylon, the applicable rate will be the rate at which the central monetary authority of Ceylon, or its authorized agent, sells foreign exchange for Ceylon rupees.
- (b) If a unitary rate system is not maintained, the applicable rate will be the rate mutually agreed upon by the Government of the United States of America and the Government of Ceylon.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Ceylon rupees 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