No. 3829

UNITED STATES OF AMERICA
and
BRAZIL

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act (with Memorandum of Understanding and exchange of notes). Signed at Washington, on 31 December 1956

Official texts: English and Portuguese.

Registered by the United States of America on 6 May 1957.

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 (avec Mémorandum d'accord et échange de notes). Signé à Washington, le 31 décembre 1956

Textes officiels anglais et portugais.

Enregistré par les États-Unis d'Amérique le 6 mai 1957.

No. 3829. 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. SIGNED AT WASHINGTON, ON 31 DECEMBER 1956

The Government of the United States of America, and the Government of the United States of Brazil, hereinafter called the Government 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 the usual marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities and the desirability of accelerating economic development leading to increased consumption;

Considering that the purchase in cruzeiros of surplus agricultural commodities produced in the United States of America will assist in achieving such expansion of trade, accelerated development and increased consumption;

Considering that the cruzeiros accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities over a three-year period to the Government of Brazil pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, 83rd Congress of the United States, 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 the provisions of Paragraph 2 of this Article and subject to the issuance by the Government of the United States of America and acceptance by the Government of Brazil during the period ending June 30, 1959, of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Brazil, for

[1] Came into force on 31 December 1956, upon signature, in accordance with article VI.

cruzeiros, of the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act in the amount indicated :

Commodity	*Amount (million)*
Wheat, including flour	$111.0
Lard	5.0
Dairy products	2.2
Vegetable oils	1.5
Ocean transportation (estimated for 50 per cent of the commodities)	19.0
	$138.7

Purchase authorizations issued pursuant to the above will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the cruzeiros accruing from such sales and other relevant matters.

2. Subject to the qualifications in Paragraph 1, the purchase authorizations for products other than wheat will be issued on or before June 30, 1957, and will provide for purchases by September 30, 1957. The Government of the United States of America shall have the right to terminate the financing of further sales of wheat under this Agreement if it is determined at any time after June 30, 1957, that such action is necessitated by the existence of an international emergency.

Article II

Uses of cruzeiros

1. The two Governments agree that the cruzeiros accruing to the Government of the United States of America as a consequence of the 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*) to help develop new markets for United States agricultural com modities on a mutually benefiting basis, to finance international educational exchange activities, for financing the translation, publication and distribution of books and periodicals, and for other expenditures by the Government of the United States of America, the cruzeiro deposit equivalent (as defined in Article III) of fourteen and thirty-five-one-hundredths (14.35) percent of the total.

(*b*) for assistance to activities and projects authorized by Section 203 of the United States Information and Educational Exchange Act of 1948, as amended, the cruzeiro deposit equivalent of an amount not to exceed sixty-five-one-hundredths (0.65) percent of the total.

(*c*) for loan to the Banco Nacional do Desenvolvimento Econômico (hereinafter referred to as the Development Bank) an agency of the Government of Brazil (acting under the provisions of Article 1st of Law No. 1,518 of December 24th, 1951,) to promote the economic development of Brazil, the cruzeiro deposit equivalent of eighty-five (85) percent of the total subject to supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in United States dollars or, at the option of the Government of Brazil, in cruzeiros, such payments in cruzeiros to be made at the exchange rate agreed upon by the two Governments in effect on the date of each payment. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. Such loan funds shall be made available annually, during the three years of the sales program, for governmental, mixed and private enterprises provided they are within the scope of the development program of Brazil and meet the requirements of the Development Bank, to promote the economic development of Brazil, including such specific projects as the following :

(1) expansion of hydroelectric energy production by the construction of the Furnas dam, and complementary projects in the Rio Grande river basin;
(2) expansion of power production in the Paulo Afonso and other sites on the Sao Francisco river basin and the Tres Marias project;
(3) construction of a new railway line between Passo Fundo and General Luz, linking agricultural production centers to the consuming and trade centers in Rio Grande do Sul;
(4) expansion of iron and steel production.

2. In the event the cruzeiros set aside for loan to the Government of Brazil, as specified in Article II, paragraph 1 (*c*), are not disbursed from the Special Account of the Government of the United States of America to the Development Bank for loan purposes within five years from the date of this Agreement, the Government of the United States of America may use the cruzeiros in question for any other purpose authorized by Section 104 of the Act. For any such funds as may not be utilized in accordance with the above, the Government of Brazil will make available the cruzeiro equivalent in United States dollars for transfer to the Government of the United States of America.

Article III

DEPOSITS OF CRUZEIROS AND RATE OF EXCHANGE

1. The deposit of cruzeiros in payment for the commodities and for ocean freight costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels

be used) shall be made at the rate of exchange for United States dollars agreed upon by the two Governments in effect on the dates of dollar disbursement by United States banks or by the Government of the United States of America, as provided in the purchase authorizations.

2. The two Governments agree that upon receipt by the Government of Brazil of notice of dollar disbursements to United States exporters by the Government of the United States of America or in such other manner as may be mutually agreed, 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 Development Bank acting as an agent of the Government of Brazil. The cruzeiros constituting the fifteen (15) precent specified in Article II, Paragraph (*a*) and (*b*) may, at the option of the Government of the United States of America, be withdrawn at any time from the Special Account in the Development Bank. The remainder of the cruzeiros deposited will be disbursed to the Development Bank for loan purposes in accordance with the provisions of Article II, Paragraph 1 (*c*) and Paragraph 2.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Brazil agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities to nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities or materially impair trade relations among the countries of the free world.

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.