

No. 3956

**UNITED STATES OF AMERICA
and
CEYLON**

**Exchange of notes constituting an agreement relating to
economic assistance. Colombo, 28 April 1956**

Official text : English.

Registered by the United States of America on 26 July 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
CEYLAN**

**Échange de notes constituant un accord relatif à l'assistance
économique. Colombo, 28 avril 1956**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 26 juillet 1957.

No. 3956. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND CEYLON RELATING TO ECONOMIC ASSISTANCE. COLOMBO, 28 APRIL 1956

I

The American Ambassador to the Prime Minister and Minister of Defence and External Affairs of Ceylon

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY
COLOMBO, CEYLON

No. 182.

April 28, 1956

Dear Mr. Minister :

I have the honor to refer to discussions between our two Governments with reference to a development assistance program. As both Governments recognize that economic assistance can promote economic development and stability in Ceylon, and considering that, under legislation enacted by the Congress of the United States, the United States is enabled to furnish such assistance to the Government of Ceylon, it is deemed desirable to set forth the understandings which will govern the furnishing of such assistance by the Government of the United States, the receipt of such assistance by the Government of Ceylon, and the measures which the two Governments will take individually and together in furtherance of the above objectives.

These understandings are as follows :

Paragraph I

The Government of the United States, subject to the terms and conditions specified in applicable United States laws and regulations and the provisions set forth in this Agreement, will furnish such development assistance or authorized related assistance to the Government of Ceylon as may be requested by the Government of Ceylon and approved by the Government of the United States. Such assistance will be furnished in such form, on such terms, and pursuant to such additional arrangements as may be agreed upon between appropriate representatives of the agency designated by the Government of the United States to administer such assistance and representatives of any agency or agencies designated by the Government of Ceylon, or between other designated representatives of the two Governments. Commodities or services furnished hereunder may be distributed

¹ Came into force on 28 April 1956 by the exchange of the said notes.

within Ceylon on terms and conditions mutually agreed upon by such representatives. To the extent that commodities to be provided pursuant to this Agreement may be obtained other than by United States Government procurement, the Government of Ceylon will cooperate with the Government of the United States to assure that procurement will be at reasonable prices and on reasonable terms. Assistance provided hereunder shall be in addition to that provided under the technical cooperation program conducted pursuant to the General Agreement for Technical Cooperation between the Government of the United States of America and the Government of Ceylon signed at Colombo, November 7, 1950.¹

Paragraph II

It is understood that, in order to assure the maximum benefits to the people of Ceylon from the assistance to be furnished hereunder by the Government of the United States, the Government of Ceylon intends to continue to pursue all appropriate measures to promote economic development and maintain stable economic conditions in Ceylon and to reduce its need for assistance for the achievement of those objectives. For those purposes the Government of Ceylon will make effective use of the assistance provided hereunder, and will coordinate and integrate any operations carried on pursuant to this Agreement with other technical cooperation and development programs in Ceylon.

Paragraph III

Recognizing that the effectiveness of this assistance program will be enhanced by the two Governments sharing reasonably the financing of cooperative operations hereunder and by the expenditure of local currency which may derive from the assistance provided hereunder by the Government of the United States, the Government of Ceylon agrees :

(a) To bear a fair share of the costs of cooperative projects or operations carried out pursuant to this Agreement ;

(b) With regard to any case where commodities may be furnished hereunder on a grant basis under arrangements which will result in the accrual of proceeds to the Government of Ceylon from the import or sale thereof, to establish in its own name a special account in the Central Bank of Ceylon (Referred to below as the "Special Account") and, except as may otherwise be specifically agreed by the Government of the United States, to deposit promptly in this account the amount of local currency equivalent to any such proceeds. The Government of the United States will from time to time notify the Government of Ceylon of its local currency requirements for expenditures incident to the furnishing of assistance under this Agreement or under the above-mentioned General Agreement for Technical Cooperation and the Government of Ceylon will thereupon make such sums available out of any balances in the Special Account in the manner requested by the Government of the United States in its notification. The Government of Ceylon may draw upon any remaining balance in the Special Account for purposes of economic development in Ceylon and for other purposes beneficial to Ceylon as may be agreed upon from time to time by the representatives referred to in Paragraph I. Any unencumbered balances of funds which remain in the Special Account upon termination of assistance to

¹ United Nations, *Treaty Series*, Vol. 92, p. 125.