No. 3975

UNITED STATES OF AMERICA
and
CHILE

Surplus Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act. Signed at Santiago, on 13 March 1956

Exchange of notes constituting an agreement for the interim implementation of the above-mentioned Agreement. Santiago, 20 and 26 March 1956

Official texts: English and Spanish.

Registered by the United States of America on 20 August 1957.

ÉTATS-UNIS D'AMÉRIQUE
et
CHILI

Accord relatif aux produits agricoles en surplus, conclu dans le cadre du titre I de la loi tendant à développer et à favoriser le commerce agricole. Signé à Santiago, le 13 mars 1956

Échange de notes constituant un accord concernant l'application provisoire de l'Accord susmentionné. Santiago, 20 et 26 mars 1956

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 20 août 1957.

No. 3975. SURPLUS AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE UNITED STATES OF AMERICA AND CHILE UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT. SIGNED AT SANTIAGO, ON 13 MARCH 1956

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 in these commodities or unduly disrupt world prices of agricultural commodities ;

Considering that the purchase for pesos of surplus agricultural commodities produced in the United States will assist in achieving such an expansion of trade ;

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

Desiring to set forth the understanding governing the sale of surplus agricultural commodities to Chile by the Government of the United States of America pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, 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

Sale for local currency

1. Subject to the execution of purchase authorizations referred to in paragraph 2 of this Article, the Government of the United States of America undertakes to finance on or before June 30, 1956, the sale for pesos of certain agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954 and specified in paragraph 3 of this Article to purchasers authorized by the Government of Chile.

[1] In accordance with article VII, the Agreement came into force on 2 June 1956, the date of notification to the Government of the United States of America by the Government of Chile that it has approved the Agreement in accordance with its constitutional procedure.

2. The United States Government will issue, within the terms of this Agreement, purchase authorizations which shall include provisions relating to the sale, transfer, and delivery of commodities, the time and circumstances of deposit of pesos accruing from such sales, and other relevant matters, and which shall be subject to acceptance by the Government of Chile.

3. The United States Government undertakes to finance the sale to Chile of the following commodities, in value as indicated, during the United States fiscal year 1956, under the terms of Title I of United States Public Law 480, 83rd Congress:

Commodity	*Market Value (Thousands of Dollars)*	*Approximate Quantity*
Wheat	6,220	100,000 M. T.
Edible oil	12,500	36,000 M. T.
Edible tallow	620	2,500 M. T.
Lard	470	1,500 M. T.
Nonfat dry milk solids	980	4,500 M. T.
Forage seed	2,500	2,500 M. T.
Cotton	5.260	30,000 Bales
Tobacco	250	100,000 Lbs.
Frozen beef	3,700	6,000 M. T.
Ocean transportation (est.)	2,100	
TOTAL	34,600	

Article II

USES OF PESOS

1. The two Governments agree that the pesos 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 for the following purposes in the amounts shown:

(*a*) To develop new markets for United States agricultural commodities under section 104 (*a*), to procure military equipment, materials, facilities and services for the common defense under section 104 (*c*), to pay United States obligations in Chile under section 104 (*f*), and for financing international educational exchange activities under section 104 (*h*) of Title I, peso equivalent of $6,920,000.

(*b*) For loans to the Government of Chile to promote the economic development of Chile under section 104 (*g*) of Title I, peso equivalent of $27,680,000 subject to supplemental agreement between the two Governments. In accordance with Article 44, sub-paragraph 2, of the Chilean Constitution, such supplemental agreement shall be subject to legislative approval. In the event that pesos set aside for loans to the Government of Chile are not advanced as a result of failure of the two Governments to reach agreement within three years on uses of the pesos for loan purposes or for any other purposes, the Government of the United States may use the pesos for any other purpose authorized by section 104 of the Act.

2. The pesos accruing to the United States under this Agreement shall be expended by the United States Government for the purposes stated in paragraph 1 of this Article in such manner and order of priority as the Government of the United States shall determine.

Article III

DEPOSIT OF PESOS

The pesos to be deposited to United States account will be the dollar sales value of the commodity including that portion of freight and handling reimbursed or financed by the United States, converted into pesos at the exchange rate most generally applicable to import transactions (excluding imports granted a preferential rate) on the date specified in the purchase authorization, but not including the extra cost of any ocean freight resulting from a United States requirement that the commodity be carried on United States flag vessels.

Article IV

LOANS

1. The loans under (*b*) of paragraph 1 of Article II above shall be denominated in dollars and be disbursed by transferring from the account of the United States Government to the Government of Chile, pesos equivalent to dollar denominated amount of such loan times the weighted average of the rates of exchange at which the pesos were deposited pursuant to Article III.

2. These loans shall be repaid in dollars or pesos and/or by delivery of strategic materials valued at market prices at the time of delivery under terms to be established by supplemental agreements between the two Governments. Such repayments shall be in a total amount equal to the original dollar value of loans extended under (*b*) of paragraph 1 of Article II, plus interest and shall be made as follows :

(*a*) Interest will be payable semiannually and shall begin to accrue three years from the date of the first disbursement under the loan ;