

No. 7578

**UNITED STATES OF AMERICA
and
REPUBLIC OF KOREA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Seoul,
on 18 March 1964**

Official text: English.

Registered by the United States of America on 5 February 1965.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CORÉE**

**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 Séoul, le 18 mars 1964**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 5 février 1965.

No. 7578. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE REPUBLIC OF KOREA UNDER TITLE I OF
THE AGRICULTURAL TRADE DEVELOPMENT AND
ASSISTANCE ACT, AS AMENDED. SIGNED AT SEOUL,
ON 18 MARCH 1964

The Government of the United States of America and the Government of the Republic of Korea :

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

Considering that the Korean won 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 the Republic of Korea 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 KOREAN WON

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

¹ Came into force on 18 March 1964, upon signature, in accordance with article VI.

undertakes to finance the sales for Korean won, to purchasers authorized by the Government of the Republic of Korea, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value (million)</i>
Cotton	\$28.0
Wheat	22.7
Barley	4.1
Tallow	1.5
Ocean transportation (estimated)	5.6
	TOTAL \$61.9

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 the Korean won accruing from such sales, and other relevant matters.

3. The financing, sale and delivery of commodities under this agreement will 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 KOREAN WON

The Korean won 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 (s) of Section 104 of the Act, or under any of such subsections, 15 percent of the Korean won accruing pursuant to this agreement.

B. To procure military equipment, material, facilities and services for Korean defense forces as may be mutually agreed and in accordance with subsection (c) of Section 104 of the Act, 85 percent of the Korean won accruing pursuant to this agreement. In the event that agreement is not reached on the use of the Korean won for grant under subsection (c) of Section 104 of the Act

within three years from the date of this agreement, the Government of the United States of America may use the Korean won for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF KOREAN WON

1. The amount of Korean won 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 and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into Korean won as follows :

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

2. Any refunds of Korean won which may be due or become due under this agreement more than two years from the effective date of this agreement may, in the event that any subsequent agreement or agreements should be signed by the two Governments under the Act, be made by the Government of the United States of America from funds available from the most recent agreement in effect at the time of the refund.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of Korea will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes of the agricultural commodities purchased pursuant to this agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America); to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities purchased pursuant to this agreement during the period beginning on the date of this agreement and ending with the final date on which such commodities are received and utilized (except where such export is specifically approved by the Government of the United States of America); and to ensure that the purchase of commodities pursuant to this

agreement does not result in increased availability of the same or like commodities to nations unfriendly to the United States of America.

2. The two Governments will take reasonable precautions to assure that all sales and purchases of agricultural commodities pursuant to this agreement will 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.

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.

4. The Government of the Republic of Korea will furnish quarterly information on the progress of the program, particularly with respect to the arrival and condition of commodities; provisions for the maintenance of usual marketings; and information relating to imports and exports of the same or like commodities.

Article V

CONSULTATION

The two Governments will, upon request of either of them, consult regarding any matter relating to the application of this agreement, or to the operation of arrangements carried out pursuant to this agreement.

Article VI

ENTRY INTO FORCE

This agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present agreement.

DONE at Seoul, in duplicate, this 18th day of March, 1964.

For the Government
of the United States of America :

Samuel D. BERGER
American Ambassador

For the Government
of the Republic of Korea :

KIM YU TAEK
Deputy Premier and Minister
Economic Planning Board

EXCHANGE OF NOTES

I

No. 1011

Seoul, March 18, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today by representatives of our two Governments and to inform you of my Government's understanding of the following :

(1) In expressing its agreement with the Government of the United States of America that the above mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, the Government of the Republic of Korea agrees that, in addition to the cotton to be purchased under the terms of this agreement, it will procure and import with its own resources from the United States of America the equivalent weight of the raw cotton of total cotton textiles exported during the period that cotton under this agreement is being imported and utilized.

(2) With regard to paragraph 4 of Article IV of the agreement, the Government of the Republic of Korea agrees to furnish quarterly the following information in connection with each shipment of commodities received under the agreement : the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; the condition in which received; the date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally, or, if shipped, where shipped. In addition, the Government of the Republic of Korea agrees to furnish quarterly : (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished and to assure that the program has not resulted in increased availability of the same or like commodities to other nations and (b) a statement by the Government showing progress made toward fulfilling commitments on usual marketings. The Government of the Republic of Korea further agrees that the above statements will be accompanied by statistical data on imports and exports by country of origin or destination of commodities which are the same as or like those imported under the agreement.

(3) The Government of the Republic of Korea agrees that it will export during calendar year 1964 no more than 60,000 metric tons of rice and that such exports of rice above the first 14,000 metric tons will be balanced by equivalent tonnages of imports of wheat and/or barley by the Republic of Korea with its own resources from the United States of America in the same calendar year.

(4) The Government of the Republic of Korea will provide, upon request of the Government of the United States of America, facilities for conversion into other non-dollar currencies of the following amounts of won : for purposes of Section 104 (a) of the Act, \$1.3 million, or two percent of the won accruing under the agreement, whichever is greater, to finance agricultural market development activities in other countries; and for purposes of Section 104 (b) of the Act and for the purposes of the Mutual

Educational and Cultural Exchange Act of 1961, up to \$750,000 worth of won to finance educational and cultural exchange programs and activities in other countries.

(5) The Government of the United States of America may utilize Korean won in the Republic of Korea to pay for international travel originating in the Republic of Korea, or originating outside the Republic of Korea when the travel (including connecting travel) is to or through the Republic of Korea, and for travel within the United States of America or other areas outside the Republic of Korea when the travel is part of a trip in which the traveler travels from, to or through the Republic of Korea. It is understood that these funds are intended to cover only travel by persons who are traveling on official business for the Government of the United States of America or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which Korean won may be utilized shall not be limited to services provided by the Republic of Korea's transportation facilities and that the recipient of any Korean won under this paragraph shall be allowed to convert such Korean won into any freely convertible currency without affecting the convertibility of any other Korean won by the recipient.

(6) The Government of the Republic of Korea agrees that it will not purchase more than 250,000 metric tons of grains (wheat and/or barley) for shipment before July 1, 1964, and that this amount shall include no more than 25,000 metric tons of barley. No more than 300,000 metric tons of wheat shall be purchased for shipment before the last quarter of calendar year 1964.

I shall appreciate your Excellency's confirmation of the above understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

Samuel D. BERGER

His Excellency Kim Yu Taek
Deputy Premier
and Minister, Economic Planning Board
Seoul

II

ECONOMIC PLANNING BOARD
REPUBLIC OF KOREA
SEOUL, KOREA

Seoul, March 18, 1964

Excellency :

I have the honor to refer to your Excellency's Note No. 1011 of today's date which reads as follows :

[See note I]

I have the honor to inform you that my Government concurs in the foregoing.

Accept, Excellency, the renewed assurances of my highest consideration.

YU TAIK KIM
Deputy Premier
and Minister, Economic Planning Board

His Excellency Samuel D. Berger
Ambassador of the United States
Seoul

III

No. 1012

Seoul, March 18, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today between representatives of the Government of the Republic of Korea and the Government of the United States of America and to confirm the following understanding.

During the course of our negotiations on this agreement, a question has arisen concerning the allocation of grain between commercial and governmental distribution channels. Both Governments are in full agreement that these stocks should be so handled as to ensure both the most effective use of the grain to satisfy actual food needs of the Korean people and the maximum contribution to the price stabilization effort of your Government.

In the furtherance of these mutual objectives, it is proposed that up to a maximum of 70 percent of the total grain deliveries may be handled through governmental channels with the remainder available for normal commercial distribution. The above percentage may be reconsidered at the request of either Government.

I shall appreciate receiving Your Excellency's confirmation of the above understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

Samuel D. BERGER

His Excellency Kim Yu Taek
Deputy Premier
and Minister, Economic Planning Board
Seoul

IV

ECONOMIC PLANNING BOARD
REPUBLIC OF KOREA
SEOUL, KOREA

Seoul, March 18, 1964

Excellency :

I have the honor to refer to your Excellency's Note No. 1012 of today's date which reads as follows :

[*See note III*]

I have the honor to inform you that my Government concurs in the foregoing.

Accept, Excellency, the renewed assurances of my highest consideration.

YU TAIK KIM
Deputy Premier
and Minister, Economic Planning Board

His Excellency Samuel D. Berger
Ambassador of the United States
Seoul