

No. 30563

---

**UNITED STATES OF AMERICA  
and  
SRI LANKA**

**Agreement for the sale of agricultural commodities under the  
Public Law 480, Title I Program (with agreed minutes).  
Signed at Colombo on 30 June 1982**

*Authentic text: English.*

*Registered by the United States of America on 2 December 1993.*

---

**ÉTATS-UNIS D'AMÉRIQUE  
et  
SRI LANKA**

**Accord relatif à la vente de produits agricoles en vertu du  
Titre I de la Public Law 480 (avec procès-verbal ap-  
prouvé). Signé à Colombo le 30 juin 1982**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 2 décembre 1993.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER THE PUBLIC LAW 480, TITLE I PROGRAM

The Government of the United States of America and the Government of the Democratic Socialist Republic of Sri Lanka agree to the sale of agricultural commodities specified below. This Agreement shall consist of the Preamble and Parts I and III of The Agreement signed March 25, 1975,<sup>2</sup> together with the following Part II:

PART II. PARTICULAR PROVISIONS

Item I. Commodity Table:

<u>Commodity</u>	<u>Supply Period (U.S. Fiscal Year)</u>	<u>Approximate Quantity (Metric Tons)</u>	<u>Maximum Export Market Value (Dollars Million)</u>
Wheat	1982	107,000	17.6

Item II. Payment Terms (Convertible Local Currency Credit):

- (A) Initial Payment - Five (5) Percent;
- (B) Currency Use Payment - None;
- (C) Number of Installment Payments - Thirty-One (31);
- (D) Amount of Each Installment Payment - Approximately Equal Annual Amounts;
- (E) Due Date of First Installment Payment - Ten (10) Years After Date of Last Delivery of Commodities in Each Calendar Year;
- (F) Initial Interest Rate - Two (2) Percent;
- (G) Continuing Interest Rate - Three (3) Percent.

Item III. Usual Marketing Table:

<u>Commodity</u>	<u>Import Period (U.S. Fiscal Year)</u>	<u>Usual Marketing Requirement (Metric Tons)</u>
Wheat	1982	300,000

<sup>1</sup> Came into force on 30 June 1982 by signature, in accordance with Part III (A).

<sup>2</sup> United Nations, *Treaty Series*, vol. 998, p. 227.

Item IV. Export Limitations:

A. The Export Limitation Period:

The export limitation period shall be United States fiscal year 1982, or any subsequent United States fiscal year during which commodities financed under this Agreement are being imported or utilized.

B. Commodities to which Limitations Apply:

For the purposes of Part I, Article III (A) (4) of this Agreement, the commodities which may not be exported are: wheat, wheat flour, rolled wheat, semolina, farina and bulgur (or the same products under a different name). These limitations are waived for exports of wheat flour to Maldives.

Item V. Self Help Measures:

A. The Government of Sri Lanka will undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The following self-help measures are to be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Sri Lanka will undertake the following activities and in doing so to provide adequate financial, technical, and managerial resources for the implementation.

(1) Food and Agricultural Policy

Continue to give high priority to the development of an integrated national agriculture/food/nutrition strategy (to include production, storage, procurement, and distribution) and estimates of the long term (5 - 10 year) domestic and external resources required for implementation of the strategy. The strategy should include food production, marketing and distribution policies directed toward alleviating

malnutrition among lower income groups. Development of the strategy should include a study of key policies affecting prices of agricultural inputs and outputs; a listing of these key policies; and an analysis of their relationship and interactions, including those which adversely affect production and recommendations as to whether such policies should be changed, and, if so, how. During, and as part of, the development of the strategy, the Government of Sri Lanka will continue to:

(A) Improve data collection with respect to estimates of agricultural production and statistical analysis of agricultural production and consumption to support the strategy.

(B) Update the study of agricultural policies and marketing systems in the dryland areas, including development of recommendations which could promote increased agricultural production.

(C) Provide increased training for management and technical staff in the appropriate government agencies in the analytical procedures and organizational mechanisms needed to develop, implement and update the integrated national agricultural/food/nutritional strategy.

Benchmark:

The Government of Sri Lanka will prepare by September 30, 1982, a report covering the institutional arrangements and the framework, objectives, plans, scope and timing of the strategy and supporting investment projections to be developed. This report will include local and external resource requirements for developing the strategy and investment proposals. A copy of this report will be submitted to the U.S. Government.

The Government of Sri Lanka will undertake efforts for the development of the agriculture/food/nutrition strategy and will prepare investment proposals which are expected to be

reflected in future years' public investment programs. Upon completion, a copy of the strategy and investment proposals will be provided to the U.S. Government and other concerned donor representatives.

By November 15, 1982, the Government of Sri Lanka agrees to provide a written report covering the calendar year 1982 which summarizes efforts undertaken to carry out the measures noted in Item V.B.1.(A) - (C) above.

(2) Agricultural Development and Research

Continue to carry out or cause to be carried out the following which may be financed using the sale proceeds under this or previous agreements:

(A) Cropping and farming systems research in and further development of the dryland areas to promote sustained, increased productivity.

(B) Research and related activities to improve food grain, legume and root and tuber crops production and marketing.

Benchmark:

The Government of Sri Lanka will advise the U.S. Government by September 30, 1982, of plans and schedules for agencies to carry out these efforts. The Government of Sri Lanka also agrees to provide the U.S. Government by November 15, 1982, with a report covering the progress of the efforts noted in Item V.B.2.(A) and (B) above. In addition, summaries of relevant studies with regard to these efforts, when completed, will be provided to the U.S. Government.

(3) Resource Management

Use of the proceeds of this agreement or any previous agreement to support capital expenditures during 1982 in the following areas:

- (A) Irrigation and Water Management (including drainage and reclamation);
- (B) Agricultural Production, Extension and Research;
- (C) Integrated Rural Development;
- (D) Improvements to and Expansion of Fertilizer and Grain Storage; and
- (E) Reforestation and Land and Water Conservation.

Benchmark:

The Government of Sri Lanka will provide, from sales proceeds under this or previous agreements or other resources, for the following estimated capital expenditures during 1982 in support of the areas noted in Item V.B.3.(A) through (E) above:

	<u>(Million Rupees)</u>
(A) Irrigation and Water Management (including drainage and reclamation)	207
(B) Agricultural Production, Extension and Research	83
(C) Integrated Rural Development	41
(D) Improvements to and Expansion of Fertilizer and Grain Storage	41
(E) Reforestation and Land and Water Conservation	31
Total	403

C. By November 15, 1982, the Government of Sri Lanka agrees to provide a written report which will include, but not be limited to:

- (1) Progress on the implementation of the self-help measures set out in Item V.B. above;
- (2) A comparison of benchmarks and achievements to determine progress in meeting the self-help measures set out in Item V.B. above;
- (3) A review of the levels of funding being released to carry out the self-help measures.

Item VI. Economic Development Purposes for which Proceeds  
Accruing to Importing Country are to be Used:

- A. The proceeds accruing to the Government of Sri Lanka from the sale of commodities financed under this Agreement will be used for financing the self-help measures set forth in the Agreement, and for development in the agriculture, nutrition, and rural development sectors, in a manner designed to increase the access of the poor in the recipient country to an adequate, nutritious and stable food supply.
- B. In the use of proceeds for these purposes emphasis will be placed on directly improving the lives of the poorest of the Sri Lankan people and their capacity to participate in the development of their country.
- C. As long as unutilized sales proceeds remain available, the Government of Sri Lanka shall provide semi-annual reports on how the proceeds have been used to directly benefit the needy in accordance with items V and VI of this Agreement. The first report will be submitted by July 20, 1983, covering proceeds under the 1981 Agreement signed May 29, 1981 and for proceeds under this Agreement by November 15, 1982, and subsequent reports by July 20 and November 15 of each successive year.

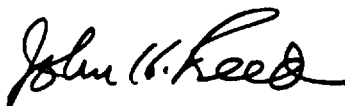
IN WITNESS WHEREOF, the respective representatives duly authorized for the purpose, have signed the present Agreement. Done at Colombo, in duplicate, the 30th day of June 1982.

For the Government  
of the Democratic Socialist Republic  
of Sri Lanka:



Dr. W. M. TILAKARATNA  
Secretary  
Ministry of Finance and Planning

For the Government  
of the United States of America:



JOHN H. REED  
Ambassador

EMBASSY OF THE UNITED STATES OF AMERICA  
COLOMBO, SRI LANKA

June 30, 1982

Dear Mr. Weerakoon,

This letter constitutes the agreed minutes of our negotiations on the Agreement between our Governments to be signed in June 1982, for the sale of agricultural commodities under the PL-480, Title I Program.

During the course of negotiations, it was understood and agreed that:

1. Reporting Schedule

The Government of Sri Lanka will comply with the reporting schedule specified in the Agreement, and summarized in the Annex to these minutes, in a timely and responsive fashion.

2. Publicity

Measures will be taken by the Government of Sri Lanka to ensure that shipments of PL-480 commodities receive full publicity in Sri Lanka, and are identified as being made available to Sri Lanka on a concessional basis, from the people of the United States.

3. Commodity Deliveries

In order to expedite implementation of the Agreement after signature, the Government of Sri Lanka is encouraged to make an early request, through its Embassy in Washington, for purchase authorizations (PA's). Letters of credit, for both commodities and freight, should also be opened promptly after PA's are issued, commodities purchased, and vessels booked.

4. U.S. Market Share

In accordance with Section 103(0) of PL-480 and Part I, Article III (A)(2) of the Agreement, the Government of Sri Lanka will take steps to ensure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities.

5. Instructions to the Sri Lankan Embassy in Washington

The Government of Sri Lanka has made arrangements to relay to the Sri Lankan Embassy in Washington all instructions, information, and authority necessary to ensure timely implementation of the Agreement, including: (a) type and grade of commodities to be purchased under the Agreement, in accordance with official U.S. standards; (b) proposed contracting and delivery schedules, and latest feasible delivery date (i.e., delivery to vessel at U.S. port); (c) name and address of the bank in Sri Lanka, and U.S. commercial banks, through which letters of credit for commodities and ocean freight will be opened; (d) authority to make prompt transfers of funds to cover initial payment and ocean freight costs on commodities purchased under the Agreement; (e) complete instructions regarding arrangements for purchasing commodities and contracting for freight (including appointment of a purchasing and/or shipping agent if applicable); and (f) instructions to contact the Program Operations Division,

Export Credits, Foreign Agricultural Service, U.S. Department of Agriculture, tel. (202) 447-5780, for assistance in implementing the Agreement.

#### 6. Regulatory and Legislative Requirements

(a) Purchase of food commodities from private stocks under the Agreement must be made on the basis of invitations for bids (IFB's) publicly advertised in the United States and on the basis of bids (offers) which shall conform to the IFB. Bids are to be received and publicly opened in the United States. All awards under IFB's must be consistent with open, competitive, and responsive bid procedures.

(b) Terms of all IFB's (including IFB's for ocean freight) must be approved by the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture, prior to issuance.

(c) If the Government of Sri Lanka nominates a purchasing or shipping agent to procure commodities or arrange ocean transportation under the Agreement, the Government of Sri Lanka is required to notify the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture, in writing, of such nomination and attach a copy of the proposed agency agreement. All purchasing and shipping agents must be approved by the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture in accordance with regulatory standards designed to eliminate certain potential conflicts of interest.

#### 7. Letters of Credit

(a) The Government of Sri Lanka will take appropriate measures to ensure that operable and irrevocable letters of credit for both commodities and freight will be issued as soon as possible after commodities are purchased and ocean freight booked. Ocean freight suppliers may refuse to load vessels when acceptable letters of credit for commodities or ocean freight are not available at the time of loading. This can result in costly claims on the account of the Government of Sri Lanka by vessel owners for demurrage, and by commodity suppliers for carrying charges.

(b) Letters of credit for one hundred (100) percent of ocean freight must be opened not later than forty-eight (48) hours prior to vessel presentation for loading, providing for sight payment or acceptance of a draft in United States dollars in favor of the ocean transportation supplier on the basis of tonnage and rates specified in the applicable charter party, or booking note. Where the ocean freight contract provides for demurrage and dispatch, ninety (90) percent must be paid promptly on arrival of cargo. The remaining ten (10) percent, less dispatch, if any, should be paid promptly to the carrier upon completion of the laytime statement. In the event of dispute as to the amount of dispatch, the owner should receive the ten (10) percent less disputed dispatch or, if there is demurrage, the full ten (10) percent plus the demurrage not in dispute. Claims against the carrier for damaged or lost cargo should be pursued through normal channels and not be deducted from the ocean freight.

#### 8. Performance Bonds

If the commodity IFB issued by the Government of Sri Lanka requires a performance bond, the requirement must be fair to both buyer and seller. The U.S. Department of Agriculture is developing performance bond language which may be used in commodity IFB's.

9. Export Limitation

With reference to Part II, Item IV of the Agreement, it is understood and agreed that limitations do not apply to exports of wheat bran from the Prima Flour Mill.

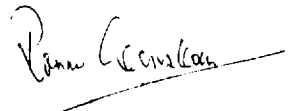
Sincerely,



JOHN S. BLODGETT  
Acting Counselor of Embassy

*Enclosure: As Stated*

I concur with the above text.



RONNIE WEERAKOON  
Director of External Resources  
Ministry of Finance and Planning

Mr. Ronnie Weerakoon  
Director of External Resources  
Ministry of Finance and Planning  
Colombo

## ANNEX TO THE AGREED MINUTES

## FY 1982 PL-480, TITLE I AGREEMENT

Reporting Schedule

<u>Due Date</u>	<u>Report</u>	<u>Reference</u>
July 20, 1982	Local Currency Sales Proceeds Report covering 1981 Agreement	II-VI-C
July 20, 1982	Quarterly Compliance Report for 3rd Quarter, FY 1982	I-III-D-2,3&4
Sept. 30, 1982	<u>Self-Help</u> : Benchmark Report on institutional arrangement, framework, plans, scope and timing of the Integrated National Agriculture/Food/Nutrition Strategy	II-V-B-(1)
Sept. 30, 1982	<u>Self-Help</u> : Benchmark Report on plans for implementation of Agricultural Development and Research Measures	II-V-B(2)
Upon Completion	A copy of the Strategy and Investment Proposals	II-V-B-(1)
Oct. 20, 1982	Quarterly Compliance Report for 4th Quarter, FY 1982	I-III-D-2,3,64
Nov. 15, 1982	<u>Self-Help Report</u> : Benchmark Report on implementation of all self-help measures set out in II-V-B	II-V-B-(1) II-V-B-(2) II-V-C-(1), (2) & (3)
Upon Completion	<u>Self-Help</u> : Summaries of relevant studies in connection with Agricultural Development and Research measures	II-V-B-(2)
Nov. 15, 1982	Local Currency Sales Proceeds Report Covering 1982 Agreement	II-VI-C
Jan. 20, 1983	Quarterly Compliance Report for 1st Quarter, FY 1983	I-III-D-2,3,64
Apr. 20, 1983	Quarterly Compliance Report for 2nd Quarter, FY 1983	I-III-D-2,3,64
July 20 and Nov. 15 of 1983 and subsequent years	Subsequent Local Currency Sales Proceeds Reports covering 1982 Agreement	II-VI-C
30 Days After Receipt of Computer Sheets to be Completed	Arrival and Shipping Information	I-III-D-1