

PURCHASE OF FOOD SURPLUSES

Exchange of notes at Ciudad Trujillo December 17, 1943, and February 11, 1944, approving memorandum of understanding dated November 1, 1943

Entered into force February 11, 1944

Expired July 1, 1945

58 Stat. 1273; Executive Agreement Series 404

The American Ambassador to the Secretary of State for Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
Ciudad Trujillo, D.R., December 17, 1943

No. 164

EXCELLENCY:

I have the honor to refer to recent conversations held in Washington between the Special Representative of the Dominican Government, Sr. Manuel de Moya, and representatives of the interested agencies of my government, regarding the purchase by the Government of the United States of the exportable surpluses of a number of Dominican food products.

I enclose herewith a "Memorandum of Understanding" dated November 1, 1943 containing a statement of the agreements which were arrived at as a result of the above-mentioned conversations. For purposes of clarification, I am instructed to point out it is the understanding of my Government that paragraph 8(a) of the Memorandum means that the Commodity Credit Corporation or its nominee is guaranteed the entire exportable surplus of live cattle and that no frozen or prepared beef may be exported in any month until the Commodity Credit Corporation or its nominee has received in that month 1000 head in live form. If the Dominican Government concurs in this understanding, I should appreciate confirmation of such concurrence.

I also desire to invite Your Excellency's attention to paragraph number 3 of the "Memorandum of Understanding", which provides that, upon the exchange of notes, adequate publicity to the contents thereof will be given simultaneously in the United States and in the Dominican Republic. I should therefore appreciate information from Your Excellency at the time of exchange of notes as to the manner of the proposed announcement of the Dominican Government and the date on which its announcement will be made. This information is desired in order that public announcement may

be made simultaneously in the United States and the Dominican Republic.

Accept, Excellency, the assurances of my highest and most distinguished consideration.

A. M. WARREN

Enclosure

His Excellency

Lic. M. A. PEÑA BATLLE,
Secretary of State for Foreign Affairs,
Ciudad Trujillo, D.R.

MEMORANDUM OF UNDERSTANDING

1. On September 10, 1943, a memorandum prepared by Mr. Samuel Herman, Foreign Economic Administration; Mr. Robert J. McArdle, Commodity Credit Corporation and Mr. Don Catlett, American Embassy, Dominican Republic, was submitted to Mr. Manuel de Moya at Santiago, Dominican Republic, for submission to the President of the Dominican Republic. This memorandum stated the interest of Commodity Credit Corporation in entering into negotiations with the Dominican Government for the procurement for export of the exportable surpluses of certain named Dominican agricultural products until July 1, 1945. Accordingly, President Trujillo designated Mr. De Moya to enter into the aforesaid negotiations on behalf of the Dominican Republic. Such negotiations ensued in Washington, D.C. on September 27, 1943.

2. This memorandum of understanding embodies the agreements reached as a result of the Washington negotiations. It is initialed officially on behalf of the Dominican Republic by Mr. De Moya and on behalf of the Foreign Economic Administration, the State Department and Commodity Credit Corporation by the proper officials thereof. The understandings contained herein will be incorporated in notes to be exchanged, as soon as possible, by the Government of the United States and the Government of the Dominican Republic in Ciudad Trujillo, Dominican Republic.

3. Upon the exchange of the aforesaid notes, adequate publicity to the contents thereof will be given simultaneously in the United States and in the Dominican Republic.

4. On June 10, 1943, the Dominican Government Foreign Office transmitted note No. 11549¹ accepting the memorandum of understanding of May 20, 1943 by which the Dominican Republic undertook to sell to Commodity Credit Corporation its entire exportable surpluses of rice, corn and peanut meal until July 1, 1945. It is further understood as to that undertaking:

(a) Since Commodity Credit Corporation is the exclusive purchaser for export of such products, no export permits will be required by the Dominican

¹ EAS 350, *ante*, p. 262.

Government of Dominican sellers to Commodity Credit Corporation.

(b) The forthcoming exchange of notes will embody as to rice and corn a detailed *tarifa* or schedule of components of the price to be paid for rice and corn by Commodity Credit Corporation which would include specifically a price to be paid to the *campesinos* or producers. Each *tarifa* will be promulgated officially in the Dominican Republic and will be published throughout the Dominican Republic by the Secretary of Agriculture of the republic. As to corn, this does not affect the agreement by Mr. De Moya on September 10 to arrange for immediate publication by the Secretary of Agriculture of the corn *tarifa* agreed to at Santiago.

(c) As to rice, corn and peanut meal, the Dominican Republic during the life of the agreement with respect thereto will not increase export taxes, and other charges, fees or levies of whatsoever nature applicable thereto.

(d) As to corn and peanut meal, Commodity Credit Corporation, or its representative, shall purchase through one or more of four intermediaries of which two shall be designated by Commodity Credit Corporation and two shall be designated by the Dominican Government. Commodity Credit Corporation, or its representative or intermediaries, shall be free to purchase in any area of the Dominican Republic.

(e) As to rice, Commodity Credit Corporation, or its representative, shall purchase from qualified sellers for export pursuant to applicable legislation of the Dominican Government. This shall not preclude mutual discussions between Commodity Credit Corporation and the Government of the Dominican Government as to some other basis of purchase should the existing method prove inadequate or undesirable.

5. Commodity Credit Corporation, or its nominee, agrees to purchase until July 1, 1945 the entire exportable surplus of shelled peanuts grown in the Dominican Republic upon the following basis: Commodity Credit Corporation will pay \$6.75, United States Currency, per hundred pounds for shelled peanuts, f.a.s. vessel, or warehouse designated by Commodity Credit Corporation, official shipped weight final at Ciudad Trujillo, Dominican Republic. The shelled peanuts shall be delivered in sound usable bags, the cost of which is included in the price. Peanuts will be accepted, subject to inspection by an approved representative of Commodity Credit Corporation, which are equal to Grade U.S. No. 1 red Spanish peanuts.

(a) Only such shelled peanuts shall be considered to be exportable surplus which are in excess of the crushing capacity of peanut crushing facilities in the Dominican Republic devoted to the satisfaction of domestic requirements.

6. Commodity Credit Corporation, or its nominee, agrees to purchase until July 1, 1945, the entire exportable surplus of red kidney beans grown in the Dominican Republic upon the following basis: Commodity Credit Cor-

poration will pay \$5.25, United States Currency, per hundred pounds, for red kidney beans, f.a.s. vessel, or warehouse designated by Commodity Credit Corporation, official shipped weight final at Monte Cristi, Puerto Plata, Sanchez, San Pedro de Macorís, La Romana or Ciudad Trujillo, Dominican Republic. The port of delivery shall be the one designated by Commodity Credit Corporation. The red kidney beans shall be delivered in sound usable bags, the cost of which is included in the price. Red kidney beans shall be accepted which are sound, merchantable and will equal the requirements of U.S. Grade No. 1.

(a) Commodity Credit Corporation will arrange to secure and to sell to the Dominican Government a mutually agreeable quantity of red kidney bean seed to develop the variety of red kidney beans which Commodity Credit Corporation has undertaken to purchase. The Foreign Economic Administration will endeavor by all practical means to facilitate the development of a red kidney bean surplus.

7. Commodity Credit Corporation, or its nominee, agrees to purchase until July 1, 1945, butter, eggs, fresh vegetables and fruits produced or grown in the Dominican Republic upon the following basis: Commodity Credit Corporation desires to be in a position to purchase substantial quantities of the aforementioned perishables. Since refrigerated ocean transportation is controlling and requirements cannot be forecast at this time, it is understood that the Dominican Republic will grant Commodity Credit Corporation the first refusal on all butter, eggs, fresh vegetables and fruits offered for export by vendors. Export permits for these perishables will be granted only to Commodity Credit Corporation or its nominee, except when a written offer of the foodstuff has been made to Commodity Credit Corporation, or its nominee, and a written non-acceptance of the offer is received by the offeror from Commodity Credit Corporation, or when the offeror fails to receive any reply within ten days of its submission.

(a) Whenever Commodity Credit Corporation or its nominee, can forecast requirements for a six months' period it will publically announce in the Dominican Republic, the price and specifications and quantities of the aforesaid perishables which it will buy during the ensuing six months' period and thereafter, during the life of the undertaking, will make similar announcements for similar periods.

(b) It is intended that the above announcement procedure will permit production planning by Dominican producers.

8. Commodity Credit Corporation, or its nominee, agrees to purchase until July 1, 1945, the entire exportable surplus of live cattle produced in the Dominican Republic upon the following basis: Commodity Credit Corporation will pay 12¢, United States Currency, per kilo for live cattle, delivered within reach of ship's tackle at any port of the Dominican Republic

designated by Commodity Credit Corporation. Official shipped weight shall be determined at ship's tackle. Live cattle delivered hereunder may be accepted or rejected by inspectors of Commodity Credit Corporation for failure to meet specifications which shall be: All cattle to be purchased by Commodity Credit Corporation shall be the top grade of steers produced in the Dominican Republic, shall average no less than 1,000 United States pounds in weight, shall be no older than 4 years of age, shall be free of disease, contain no serious bruises and be in condition for export, and be such cattle as will produce wholesome meat for human consumption.

(a) The Government of the Dominican Republic undertakes to issue export licenses only to the Commodity Credit Corporation, or its nominee, for the export of live cattle, or beef, during each month, until the number of live cattle so licensed and exported during such month by Commodity Credit Corporation shall amount to at least 1000 head, and the Government of the Dominican Republic will not permit the exportation of live cattle except by the Commodity Credit Corporation or its nominee. At least 1000 head of the exportable surplus during each month are to be made available for export, and will be exported, in the form of live cattle. Commodity Credit Corporation, or its nominee, will accept offerings of live cattle, under the aforesaid conditions, in the excess of one thousand (1,000) head per month whenever the Dominican Government indicates that such excess will not adversely affect the Dominican domestic economy.

(b) Nothing contained in the paragraph shall be interpreted to relieve the Dominican Republic of the obligation to Commodity Credit Corporation to deliver, or cause the delivery, to Commodity Credit Corporation of 700 head of live cattle at 11¢ per kilo as referred to in the letter of October 12, 1943 by Mr. Leon Falk, Director of Foreign Commodities Division, Commodity Credit Corporation, to Mr. Manuel de Moya.

9. Commodity Credit Corporation, or its nominee, agrees to purchase until July 1, 1945, any exportable surplus of frozen carcasses of beef, produced from cattle of the nature described in Paragraph 8 hereof, offered for sale to Commodity Credit Corporation, or its nominee, to be delivered c.i.f. San Juan, Puerto Rico. Commodity Credit Corporation, or its nominee, will be prepared to pay a price for frozen carcass beef determined on the basis of 13¢ per pound, f.o.b. ocean going vessel, Ciudad Trujillo, Dominican Republic, official shipped weight final, plus a mutually agreed amount representing the cost of a shroud and the cost of ocean freight from Ciudad Trujillo, Dominican Republic to San Juan, Puerto Rico.

(a) Frozen carcasses of beef shall be properly slaughtered in accordance with the applicable rules and regulations of the United States Department of Agriculture and shall be subject to all necessary and proper inspection as

determined by the Commodity Credit Corporation, or its nominee. Maintenance of temperature and condition until delivery at San Juan, Puerto Rico, shall likewise be in accordance with the applicable regulations of the United States Department of Agriculture, or as determined by Commodity Credit Corporation, or its nominee.

(b) The Dominican Republic agrees to forbid the exportation of such frozen carcasses of beef except by Commodity Credit Corporation or its nominees during the period ending July 1, 1945 and beginning on the date the Dominican Republic indicates its assent to the price offered and terms and conditions specified for the purchase of such frozen carcasses of beef by Commodity Credit Corporation.

10. The Government of the Dominican Republic will transmit to Commodity Credit Corporation, or its nominee, on January 1, April 1, July 1, and October 1 of each year for the duration of the agreement, written statements as to the amount of the commodities, relative to which new undertakings are made herein, which it expects to be available for sale to Commodity Credit Corporation for the three months' period immediately following. A similar existing commitment as to rice, corn and peanut meal is not affected hereby.

11. A representative or representatives of Commodity Credit Corporation, or its nominee, will be stationed in the Dominican Republic to make purchases provided for hereunder on the basis hereinbefore stated, and to aid in the effectuation of the other conditions of development and procurement contained herein.

12. Payments for purchases provided for hereunder will be effected by appropriate letters of credit opened in Ciudad Trujillo by Commodity Credit Corporation or its nominee.

13. The "official shipped weight" mentioned in the paragraphs above shall be determined by the representative of the Commodity Credit Corporation, or its nominee, stationed in the Dominican Republic.

14. Commodity Credit Corporation, or its nominee, shall act as the purchasing agency for all agencies of the Government of the United States, including the armed forces, for the purchase of meat, eggs, fresh fruits and vegetables and other foodstuffs which any of such agencies may purchase in the Dominican Republic.

15. In connection with the undertakings provided herein, except as otherwise provided, the Dominican Government agrees to forbid the exportation of the aforesaid commodities or products from the present date until July 1, 1945 except by Commodity Credit Corporation or its nominee. Since Commodity Credit Corporation shall be the exclusive purchaser for export of such commodities or products, no export permits will be required by the

Dominican Government of Dominican sellers to Commodity Credit Corporation or its nominees.

16. The prices hereinabove stated include the payment by the sellers of all export taxes and other charges, fees or levies of whatsoever nature imposed by the Dominican Government and the Dominican Government will not during the life of the undertakings contained herein increase any such existing export taxes, charges, fees or levies of whatsoever nature.

17. The forthcoming exchange of notes will embody as to all commodities or products hereinabove contained, relative to which firm undertakings as to price are made or will be made, detailed tarifas or schedules of components of the prices to be paid for such commodities or products by Commodity Credit Corporation which will include specifically prices to be paid to the campesinos or producers. Each tarifa will be promulgated officially in the Dominican Republic and will be published throughout the Dominican Republic by the Secretary of Agriculture of the Republic.

(a) As to peanuts, it is understood that the tarifa will provide that the campesinos will receive no less than \$2.75 per hundred pounds of unshelled peanuts.

18. Commodity Credit Corporation, or its representative, shall purchase commodities or products hereinabove contained through one or more of four intermediaries of which two shall be designated by Commodity Credit Corporation and two shall be designated by the Dominican Government. Commodity Credit Corporation shall be free to purchase, in its discretion, in any area of the Dominican Republic: *provided, however*, that Commodity Credit Corporation, or its representative, shall consult with the appropriate agency of the Government of the Dominican Republic as to areas within the Dominican Republic in which live cattle shall be purchased.

19. Except as otherwise provided herein, the phrase "exportable surplus" as used herein shall include all amounts of a given commodity beyond those normally required for local consumption.

20. All or any part of Commodity Credit Corporation's right, title, and interest in and obligations under this Memorandum of Understanding may be assigned by the Commodity Credit Corporation to any other agency of the Government of the United States upon the Commodity Credit Corporation giving notice of such assignment to the Government of the Dominican Republic.

Initialed in Washington, D.C. on November 1, 1943.

1. Cleared by phone 11:09 a.m. James Maddox for FEA
2. A. R. Himbert, State Department
3. Leon Falk, Jr., Commodity Credit Corporation
4. M. De Moya, Dominican Republic

The Secretary of State for Foreign Affairs to the American Ambassador

[TRANSLATION]

DOMINICAN REPUBLIC
DEPARTMENT OF STATE
FOR FOREIGN AFFAIRSCIUDAD TRUJILLO, D.R.
February 11, 1944

3751

MR. AMBASSADOR:

I have the honor to acknowledge the receipt of your courteous note of December 17, 1943, in which Your Excellency refers to the conversations carried on in Washington between the special representative of the Dominican Government, Mr. Manuel de Moya, on the one hand, and the representatives of interested agencies of the Government of the United States of America, on the other, regarding the purchase by your Government of the exportable surpluses of certain food products.

Attached to the above-mentioned note Your Excellency transmits a "Memorandum of Understanding" containing the stipulations which were arrived at as a result of the conversations referred to, the text of which reads thus:

[For text of memorandum of understanding, see p. 272.]

In response to said note, I have the honor to inform Your Excellency that the Dominican Government accepts in their entirety the stipulations set forth as constituting the agreement concluded between the two Governments for the sale of the exportable surpluses of Dominican food products to which the said stipulations refer in a limitative manner.

In relation to paragraph 8 (a) of the memorandum of understanding, my Government desires to explain that the entire exportable surplus of live cattle is guaranteed to the Commodity Credit Corporation or its nominee, and that in no month may there be exported frozen or prepared meats until the Commodity Credit Corporation or its nominee shall have received in that month the stipulated 1,000 head of cattle.

Therefore, my Government understands that any number of cattle existing as a surplus after the consumption needs of the Dominican Republic are satisfied will be sold to the Commodity Credit Corporation or its nominee, even though this number may not reach 1,000 head, in the understanding that only after arriving at that number will it be possible to export frozen or prepared meats.

In accordance with paragraph 4 (b) and paragraph 17 of the agreement with which this note deals, the detailed *tarifa* of schedule of prices which will be paid by the Commodity Credit Corporation and which stipulates also the price which will be paid to the farmers or producers, is as follows:

	Price for the producer:	Price free alongside ship in any of the ports of Ciudad Trujillo, San Pedro de Macoris, Romana, Puerto Plata, Monte Cristi, and Sanchez:
Rice (2d class) (per 100 pounds)	\$6 at any location in the country	\$7.90
Frozen meat (per 100 pounds)		13.00
Red beans (per 100 pounds)	San J. de Ocoa \$3.55 San Juan 3.20 El Cercado 3.00 Constanza 3.45 Jarabacoa 3.70	5.25
Corn (per 100 pounds)	Santiago, Moca, La Vega, S. F. de Macoris and all points on the railroad 1.10 Puerto Plata, Azua, S. Pedro de Macoris and Ciudad Trujillo 1.35 Higüey 1.15	2.00
Shelled peanuts (per 100 pounds)	\$3 per quintal unshelled	6.75
Cattle (per 100 pounds)	\$9	12.00
Peanut cake (Meal)		35.00 per ton of 2000 American lbs.

In order to fulfill the terms of paragraph 3 of the agreement, I take pleasure in confirming to Your Excellency the note verbale from this Department of State under date of January 26, 1944, numbered 2170, in which was expressed the agreement of the Dominican Government to make public, simultaneously with the Government of the United States of America, a press release in both countries, with the following text:

“Conclusion of an agreement which stipulates the sale of the entire exportable surplus of several Dominican foodstuffs exclusively to the Government of the United States, through the Foreign Economic Administration, in order to check shortage of food in the Caribbean and other areas was announced today jointly by the Dominican Government and the Department of State of the United States. The agreement shall be in force until June 30, 1945.

“The cooperative efforts of the Government of the Dominican Republic and of its food producers have resulted in an increase in production in these critical times and constitute an important contribution to the total United Nations food-supply program and a contribution to the total available supplies which will be distributed in areas affected by the shortage. It will be of appreciable importance to Puerto Rico and other Caribbean islands which now depend to a great extent on exports of food from the United States.

“Direct shipments of Dominican foods to these islands represent an economy in shipping. The Dominican Government is contributing substantially in this respect by providing a fleet of vessels for inter-island transportation of foodstuffs.

"In conformity with an agreement signed previously, the Dominican Republic is selling to the United States exclusively its surpluses of corn, rice, and peanut cakes, for use in the Caribbean areas. The new agreement adds the items of peanuts, red kidney beans, and live cattle. Moreover, a refusal is granted to the United States for purchases of butter, eggs, fresh vegetables, and fruits."

My Government proposes to release the above for publication in the morning newspapers of Friday, February 18, 1944.

I avail myself of this opportunity to reiterate to Your Excellency the assurances of my highest consideration.

M. A. PEÑA BATLLE

His Excellency

AVRA M. WARREN,

Ambassador Extraordinary and Plenipotentiary

of the United States of America,

Embassy