

FUEL AND VEGETABLE OILS

Exchange of notes at Buenos Aires May 9, 1945

Entered into force May 9, 1945

*Terminated September 7, 1946*¹

59 Stat. 1799; Executive Agreement Series 495

*The Minister of Foreign Affairs and Worship to the American Chargé
d'Affaires ad interim*

[TRANSLATION]

MINISTRY OF
FOREIGN AFFAIRS AND WORSHIP

D.A.E. No. 346

BUENOS AIRES, *May 9, 1945*

MR. CHARGÉ D'AFFAIRES:

I have the honor to address you with reference to the negotiations carried on between His Excellency the Secretary of Industry and Commerce of the Argentine Republic, Brigadier General Julio C. Checchi and Mr. Randolph Powell Butler, Special Agent of the U.S. Commercial Company, an agency of the Government of the United States of America, to express my Government's agreement to the following clauses:

A. FUEL OIL AND SHIPPING

1. The U.S. Commercial Company agrees to make available for shipment to Argentina, as soon as practicable after this date, not less than 500,000 (Five Hundred Thousand) metric tons of fuel oil, in consideration of the Argentine Government's agreement hereafter set forth to sell to the U.S. Commercial Company the entire exportable surplus, subject to the reservations hereafter established, of flaxseed and its products, arising from the 1944-1945 or prior crops, and to extend other guaranties as herein outlined. Furthermore, the U.S. Commercial Company agrees to make available for shipment to Argentina, upon completion of the foregoing quantity and up to December 31, 1946, an additional 500,000 (Five Hundred Thousand) metric tons of fuel oil, or a quantity of fuel oil equivalent to the caloric value of the 1945-1946 exportable surplus of flaxseed and its products, whichever is higher, in consideration of the Argentine Government's agreement hereafter

¹ Pursuant to an exchange of notes at Buenos Aires Sept. 7, 1946.

set forth to sell to the U.S. Commercial Company the entire exportable surplus of flaxseed and its products, arising from the 1945–1946 crop; provided that in no event shall the U.S. Commercial Company be required to deliver fuel oil of a caloric value in excess of the total caloric value of the exportable surpluses of all of the flaxseed or its products delivered under this contract.

2. The U.S. Commercial Company agrees to make available southbound tank space for delivery of not less than 100,000 (One Hundred Thousand) metric tons of fuel oil, applying to the first quantity of 500,000 (Five Hundred Thousand) metric tons to be supplied under Paragraph A–1 above, during a twelve-months period counted from the date of this agreement with a monthly minimum of approximately 5,000 (Five Thousand) tons and, in addition, southbound tank space for delivery of not less than 100,000 (One Hundred Thousand) tons or 20% (Twenty Percent) whichever is higher, of the quantity of fuel oil provided in that paragraph as applying to the 1945–1946 crop, such space to be made available in the monthly amounts which may prove feasible, and in any event to be completed by December 31, 1946.

3. It is understood that as to the remainder of the fuel oil to be supplied, no responsibility for providing transportation rests with the U.S. Commercial Company, although it is hoped that facilities in addition to those now available to the United States Government may present themselves before the conclusion of the period.

4. Also, in addition to the foregoing quantities of fuel oil, the quantity of approximately 15,000 (Fifteen Thousand) metric tons of fuel oil now held by the Compañía Argentina de Navegación Doderó, S.A. in Buenos Aires will be released for internal consumption in Argentina and it is clearly understood that a quantity of flaxseed and its products, equivalent to the caloric value of this fuel oil, will be made available for delivery under this agreement in the course of the first eight months.

5. In consideration of the immediate shipment between May 15 and June 15, 1945 of approximately 7,000 (Seven Thousand) metric tons of fuel oil, representing the first delivery, in tank space arranged for by the U.S. Commercial Company, in accordance with Paragraph A–3, the Argentine Government will promptly make available, f.o.b., under the agreement, 7,000 (Seven Thousand) tons of linseed cake or meal and 3,500 (Three Thousand Five Hundred) metric tons of linseed oil, the balance of the caloric equivalent to be made up in subsequent deliveries during the first three-months period.

6. In connection with the commitment contained in Paragraph A–1, it is mutually agreed that the Argentine Government will make available on an f.o.b. basis, in each three-months period, counted from the date of this agreement, a quantity of flaxseed and its products approximately equivalent to the caloric value of the fuel oil imported under the agreement during such period, and that any differences shall be compensated in the ensuing period. For the purpose of this agreement, caloric values shall be computed as follows:

Fuel Oil—10,000 (Ten Thousand) calories per metric ton

Linseed oil—9,500 (Nine Thousand Five Hundred) calories per metric ton

Flaxseed—5,700 (Five Thousand Seven Hundred) calories per metric ton

Linseed Cake & Expellers—4,350 (Four Thousand Three Hundred and Fifty) calories per metric ton

Extracted Linseed Meal—3,900 (Three Thousand Nine Hundred) calories per metric ton

7. The fuel oil requirements of the *Compañía Argentina de Navegación Dodero, S.A.*, which are understood to be approximately 70,000 (Seventy Thousand) metric tons per annum, will be supplied in addition to the foregoing quantities and it is understood that the continued availability of this Company's tankers to carry vegetable oils to the United States of America is a necessary condition of this proposal.

8. It is mutually understood and agreed that imports of fuel oil will be authorized only through those oil companies, Argentine, British and American, who figured as importers in the year 1941, and/or who made sales of fuel oil for subsequent importation by consuming industries in Argentina during that year, and that each such company shall share in accordance with the following percentages:

ASTRA	2.25%	(Two and twenty-five hundredths percent)
Cía. General de Combustibles.....	26.84%	(Twenty-six and eighty-four hundredths percent)
Shell-Mex	36.83%	(Thirty-six and eighty-three hundredths percent)
Cía. Nativa de Petroleos.....	34.08%	(Thirty-four and eight hundredths percent)

The fuel oil in question is residual fuel oil originating in Trinidad, Aruba or Curacao. To the extent that Argentine tank space is employed, the choice of point of origin shall be at the option of the Argentine Government but to the extent that tank space is arranged by the U.S. Commercial Company, such choice shall be at the option of the U.S. Commercial Company. It should be noted that there is a difference in specifications between the oil originating in Trinidad and in the other two named sources.

9. The f.o.b. price of all fuel oil supplied hereunder will be the current market price ruling at each port on the date of each loading, but in no event higher than the equivalent world price.

10. In connection with the commitment of the U.S. Commercial Company to make available fuel oil and to provide tank space for delivery of limited quantities thereof contained in the preceding paragraphs, the U.S. Commercial Company specifically reserves the right to interrupt the discharge of these commitments only in case presently unforeseen developments in connection with our joint war effort should render such interruption necessary.

In such event, however, the remainder of such commitments would be discharged as soon as the causes of interruption had been removed.

B. FLAXSEED AND ITS PRODUCTS

1. The Argentine Government will make available to the U.S. Commercial Company and the U.S. Commercial Company will purchase the entire exportable surplus as hereafter defined of flaxseed, linseed oil, and cake, and meal, arising from the 1944-1945 crop and the 1945-1946 crop, and prior crops.

2. Subject to the provision governing exchange of caloric values contained in Paragraph A-2 hereof, all of the exportable surplus of the 1944-1945 crop shall be made available for loading f.o.b. vessel Buenos Aires, not later than December 31, 1945 and similarly, all of the exportable surplus of the 1945-1946 crop, not later than December 31, 1946.

3. The term "exportable surplus" is defined to mean all flaxseed, (and linseed oil and cake and meal subject to limitation hereafter provided in Paragraph B-4) in stock or from new production deliverable during the period mentioned and in the manner specified in Paragraph B-1 hereof, and in no event to be less than

133,000 (One Hundred Thirty-three Thousand) metric tons of flaxseed

179,000 (One Hundred Seventy-nine Thousand) metric tons of linseed
cake and meal, and

88,000 (Eighty-eight Thousand) metric tons of linseed oil,

in the case of the 1944-1945 crop and prior crops, and which is not required for

(a) the needs of the Argentine domestic market other than fuel requirements,

(b) normal exports for consumption in other Latin-American countries, based on volume of such exports to each country in prior years, and

(c) normal exports for consumption in European countries, based on volume of exports to each such country in prior years, subject to the following limitations:

(i) no such export will be approved except at the express request of the government of the European nation involved;

(ii) the U.S. Commercial Company representative will be informed promptly of all export licenses applied for in accordance with the preceding clause;

(iii) arrangements will be made to keep the Argentine Government informed of quotas established by the Combined Food Board in favor of European nations for Argentine products covered by this paragraph;

(d) the unavoidable minimum of consumption for fuel in Argentina until such time as fuel oil supplies under this agreement render such use of the product unnecessary,

(e) the replacement of essential Argentine requirements for diesel oil, which are understood to be approximately 4,000 (Four Thousand) tons monthly; provided, however, that the U.S. Commercial Company reserves the right to make available quantities of diesel oil in lieu of fuel oil up to such monthly amount, in which case the amount of linseed oil reserved by this sub-paragraph as a deduction from the exportable surplus shall be reduced to the extent that arrivals of diesel oil in Argentina take place.

4. As to the 1944-1945 crop, and prior crops, not less than one-third of the total exportable surplus shall be delivered as flaxseed, the remainder to be crushed in Argentina and all of the resultant oil and meal or cake to be tendered to the U.S. Commercial Company hereunder.

As to the 1945-1946 crop, not less than one-half shall be tendered as flaxseed, the remainder to be crushed in Argentina and all of the resultant oil and meal or cake to be tendered to the U.S. Commercial Company hereunder; provided, however, that the Argentine Government reserves the right to elect, prior to March 1, 1946, or prior to the first exportation of the 1945-1946 crop, whichever shall first occur, to increase the minimum amount of flaxseed to not less than two-thirds of the total 1945-1946 crop and in that event the price for linseed oil arising from that crop shall be US \$ 9 ½¢ (Nine and one-half cents) per pound instead of the US \$ 9¢ (Nine cents) per pound specified in Paragraph B-5 hereof.

5. Prices and specifications shall be as follows:

Flaxseed—Fair average quality, not in excess of 4% (Four percent) foreign matter; weight and analysis at port of discharge guaranteed by Seller: US \$1.66 (One dollar and sixty-six cents) per bushel of 56 (Fifty-six) pounds each, in bulk, f.o.b. Buenos Aires.

Linseed Oil—U.S. Federal Specifications, outturn storage up to ½% (One-half percent) for Seller's account, analysis at port of discharge guaranteed by Seller: US \$9 ½¢ (Nine and one-half cents) per pound for the 1944-1945 crop and prior crops, and US \$ 9¢ (Nine cents) per pound for the 1945-1946 crop, both in bulk f.o.b. Buenos Aires.

Linseed Cake and Meal—all the following prices f.o.b. Buenos Aires, per metric ton, in bulk:

39% (Thirty-nine percent) Protein and Fat, of which 7% (Seven percent) Fat	US \$
Cake and Expellers, not ground.....	25.30 (Twenty-five dollars and Thirty cents)
Cake and Expellers, ground.....	27.70 (Twenty-seven dollars and Seventy cents)
¾% (Thirty-three/Thirty-Four percent) Protein and Fat, of which ½% (One-half percent) Fat	
Extracted Meal, not ground.....	22.35 (Twenty-two dollars and Thirty-five cents)
Extracted Meal, ground.....	24.70 (Twenty-four dollars and Seventy cents)

6. The Argentine Government shall have the option of delivering the flaxseed and products hereunder directly on an f.o.b. basis or through exporters, the understanding being that in practice it is the present intention of the Argentine Government to make such deliveries through exporters, in which case the Argentine Government will sell the products to the exporters at f.o.b. prices herein named, less the calculated costs involved from point of delivery in each instance up to the placing of the merchandise f.o.b. Buenos Aires.

C. PEANUTS AND EDIBLE OILS

1. The U.S. Commercial Company will purchase the exportable surpluses, as hereinafter defined, of shelled peanuts, sunflowerseed oil, rapeseed oil and cottonseed oil, arising from present stocks as well as future production, which can be made available for loading f.o.b. Buenos Aires up to July 1, 1946, according to the specifications and at the prices set forth below:

Shelled Peanuts—Sound, dry, fair average quality of the season at time of shipment, basis 2% (Two percent) foreign materials: US \$85.87 (Eighty-five dollars and eighty-seven cents) per metric ton in bulk, f.o.b. Buenos Aires.

Sunflowerseed Oil—Semi-refined; color 4 (Four) red, 35 (Thirty-five) yellow; maximum $\frac{1}{4}\%$ (One-quarter percent) free fatty acids; maximum $\frac{1}{2}\%$ (One-half percent) moisture and impurities: US \$9 $\frac{1}{2}\text{¢}$ (Nine and one-half cents) per pound in bulk, f.o.b. Buenos Aires.

Rapeseed oil—Texas specifications except 105 (One Hundred Five) Iodine; maximum 5° (Five degrees) Fahrenheit Four test: US \$11 $\frac{1}{2}\text{¢}$ (Eleven and one-half cents) per pound in bulk, f.o.b. Buenos Aires.

Cottonseed Oil—Semi-refined; $\frac{1}{2}\%$ (One-half percent) free fatty acids; color 7.6 (Seven and six-tenths) red, 35 (Thirty-five) yellow; quality as per Rule 61 (Sixty-One) of the National Cottonseed Products Association: US \$10 ¢ (Ten cents) per pound in bulk, f.o.b. Buenos Aires.

2. The term "exportable surpluses" is defined to mean all shelled peanuts, sunflowerseed oil, rapeseed oil and cottonseed oil in stock or from new production deliverable during the period mentioned and in the manner specified in Paragraph C-1 hereof, which is not required for

(a) the needs of the Argentine domestic market other than fuel requirements,

(b) normal exports for consumption in other Latin-American countries, based on the volume of such exports to each such country in prior years,

(c) normal exports for consumption in European countries, based on volume of exports to each such country in prior years, subject to the following limitation:

(i) no such export will be approved except at the express request of the government of the European nation involved;

(ii) the U.S. Commercial Company representative will be promptly informed of all export licenses applied for in accordance with the preceding clause;

(iii) arrangements will be made to keep the Argentine Government informed of quotas established by the Combined Food Board in favor of European nations for Argentine products covered by this paragraph.

3. The Argentine Government hereby undertakes to facilitate by all the means in its power the consummation of the purchases at the prices herein named and particularly the availability of the products covered by this paragraph to meet necessary loadings of vessels, especially those of the Compañía Argentina de Navegación Dodero S.A., which are under contract to the Government of the United States of America for that purpose.

D. CONTAINERS

In the event that it should prove necessary to purchase all or part of the solid products covered herein in bags, the Argentine Government will agree to supply new or used burlap bags and/or new cotton bags to exporters at a price which will result in a surcharge of not more than US \$6.55 (Six dollars and fifty-five cents) for the burlap bags and US \$8.33 (Eight dollars and thirty-three cents) for the cotton bags per metric ton of product, f.o.b. Buenos Aires, added to the foregoing prices.

E. DESTINATIONS AND FORMS OF PAYMENT

The destinations of the products which it is proposed to export from Argentina under the present agreement, will be determined by the U.S. Commercial Company, and the Argentine Government agrees to accept payment for purchases made by the U.S. Commercial Company for the account of nations other than the United States of America, particularly Belgium, France, The Netherlands, Norway, Canada, Great Britain, Spain, Switzerland, Sweden and the Free State of Ireland, on the basis of the f.o.b. prices in dollars stipulated in this agreement, as follows:

(1) In accordance with any existing exchange agreements between Argentina and such nations;

(2) In the absence of an existing exchange agreement, the payment shall in the first instance be made upon the usual terms and conditions and in the currencies of such nations, the f.o.b. price in the currencies of such nations to be determined by applying to the basic dollar f.o.b. prices named herein, the rate of conversion current at the time of each transaction between the currencies of such nations and the U.S. dollar;

(3) Payments as set forth in sub-paragraph 2 above may, if so stipulated at the time by the Argentine Government, be made subject to a readjust-

ment to be carried out in accordance with any exchange agreements which may be concluded prior to December 31, 1946 between Argentina and the country of destination of the merchandise, or any multilateral international agreements which may be concluded prior to December 31, 1946, to which Argentina and the country of destination are parties, and in which exchange parities of a general character are fixed; in that case such agreements shall be applied retroactively to the said payments.

It is understood that under no circumstances shall a shipment be delayed awaiting the conclusion of any exchange agreement as provided in subparagraph 3 above.

The U.S. Commercial Company guarantees by the present agreement, that not less than 75% (Seventy-five percent) of the total value in dollars of the Argentine exports under this agreement shall be paid in U.S. dollars, Canadian dollars, or pounds sterling.

This note and your reply will constitute an Agreement between our Governments which will take effect from this date.

I greet you with my highest and most distinguished consideration.

CESAR AMEGHINO

Mr. EDWARD LYNDAL REED,
*Chargé d'Affaires of the
United States of America,
Federal Capital*

*The American Chargé d'Affaires ad interim to the Minister of Foreign
Affairs and Worship*

EMBASSY OF THE
UNITED STATES OF AMERICA
BUENOS AIRES, *May 9, 1945.*

No. 980

EXCELLENCY,

I have the honor to address Your Excellency with reference to the negotiations carried out between Mr. Randolph Powell Butler, Special Agent of the U.S. Commercial Company, an agency of the Government of the United States of America, and His Excellency The Secretary of Industry and Commerce of the Republic of Argentina, Brigadier-General Julio C. Checci, and to express the agreement of my Government to the following clauses:

[For text of agreement, see Argentine note, above.]

Your Excellency's note and this note, both of even date, constitute an agreement between our respective Governments which will take effect from this date.

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

EDWARD L. REED
Chargé d'Affaires ad interim

His Excellency
DOCTOR CÉSAR AMEGHINO,
Minister for Foreign Affairs and Worship,
Etc., Etc., etc.