

## COFFEE (INTER-AMERICAN)

*Agreement signed at Washington November 28, 1940; protocol signed at Washington April 15, 1941*

*Senate advice and consent to ratification of the agreement February 3, 1941*

*Agreement ratified by the President of the United States February 12, 1941*

*Ratification of the United States deposited with the Pan American Union April 14, 1941*

*Agreement and protocol proclaimed by the President of the United States April 15, 1941*<sup>1</sup>

*Entered into force April 16, 1941, for governments which had deposited ratifications or approvals; definitively December 31, 1941*<sup>2</sup>

*Continued in force by declarations of May 12, 1943,<sup>3</sup> and July 25, 1944,<sup>3</sup> of the Inter-American Coffee Board; modified and extended by protocols of October 1, 1945,<sup>4</sup> October 1, 1946,<sup>5</sup> and October 1, 1947<sup>6</sup>*

*Expired September 30, 1948*

55 Stat. 1143; Treaty Series 970

### INTER-AMERICAN COFFEE AGREEMENT

The Governments of Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Peru, the United States of America and Venezuela,

<sup>1</sup> The President's proclamation quotes, as follows, Section 1 of a joint resolution of the Congress approved Apr. 11, 1941, "To carry out the obligations of the United States under the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, and for other purposes" (55 Stat. 133):

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That on and after the entry into force of the Inter-American Coffee Agreement, as proclaimed by the President, and during the continuation in force of the obligations of the United States thereunder, no coffee imported from any foreign country may be entered for consumption except as provided in the said agreement."

<sup>2</sup> For a supplementary proclamation by the President of the United States on Feb. 27, 1942 (TS 979), proclaiming the definitive entry into force of the agreement, see 56 Stat. 1345.

<sup>3</sup> See footnote 7, p. 679.

<sup>4</sup> TIAS 1513, *post*, p. 1283.

<sup>5</sup> TIAS 1605, *post*, vol. 4.

<sup>6</sup> TIAS 1768, *post*, vol. 4.

## CONSIDERING

that in view of the unbalanced situation in the international trade in coffee affecting the economy of the Western Hemisphere, it is necessary and desirable to take steps to promote the orderly marketing of coffee, with a view to assuring terms of trade equitable for both producers and consumers by adjusting the supply to demand,

Have accordingly agreed as follows:

## ARTICLE I

In order to allocate equitably the market of the United States of America for coffee among the various coffee producing countries, the following quotas are adopted as basic annual quotas for the exportation of coffee to the United States of America from the other countries participating in this agreement:

<i>Producing Country</i>	<i>Bags of 60 Kilograms Net, or Equivalent Quantities</i>
Brazil.....	9,300,000
Colombia.....	3,150,000
Costa Rica.....	200,000
Cuba.....	80,000
Dominican Republic.....	120,000
Ecuador.....	150,000
El Salvador.....	600,000
Guatemala.....	535,000
Haiti.....	275,000
Honduras.....	20,000
Mexico.....	475,000
Nicaragua.....	195,000
Peru.....	25,000
Venezuela.....	420,000
<b>TOTAL.....</b>	<b>15,545,000</b>

For the control of the quotas for the United States market, the official import statistics compiled by the United States Department of Commerce shall be used.

## ARTICLE II

The following quotas have been adopted as basic annual quotas for the exportation of coffee to the market outside the United States from the other countries participating in this Agreement:

<i>Producing Country</i>	<i>Bags of 60 Kilograms Net, or Equivalent Quantities</i>
Brazil.....	7,813,000
Colombia.....	1,079,000
Costa Rica.....	242,000
Cuba.....	62,000
Dominican Republic.....	138,000
Ecuador.....	89,000
El Salvador.....	527,000
Guatemala.....	312,000

<i>Producing Country</i>	<i>Bags of 60 Kilograms Net, or Equivalent Quantities</i>
Haiti.....	327, 000
Honduras.....	21, 000
Mexico.....	239, 000
Nicaragua.....	114, 000
Peru.....	43, 000
Venezuela.....	606, 000
TOTAL.....	11, 612, 000

### ARTICLE III

The Inter-American Coffee Board provided for in Article IX of this Agreement shall have the authority to increase or decrease the quotas for the United States market in order to adjust supplies to estimated requirements. No such increase or decrease shall be made oftener than once every six months nor shall any change at any one time exceed 5 percent of the basic quotas specified in Article I. The total increase or decrease in the first quota year shall not exceed 5 percent of such basic quotas. Any increase or decrease in the quotas shall remain in effect until superseded by a new change in quotas, and the quotas for any quota year shall be calculated by applying to the basic quotas the weighted average of the changes made by the Board during the same year. Except as provided in Articles IV, V and VII, the percentage of each of the participating countries in the total quantity of coffee which these countries may export to the United States market shall be maintained unchanged.

The Board shall also have the authority to increase or decrease the export quotas for the market outside the United States to the extent that it deems necessary to adjust supplies to estimated requirements, maintaining unchanged the percentage of each of the participating countries in the total quantity of coffee to be exported to that market, except as provided in Articles IV, V and VII. Nevertheless, the Board shall not have the authority to distribute these quotas among determined countries or regions of the market outside the United States.

### ARTICLE IV

Each producing country participating in this Agreement undertakes to limit its coffee exports to the United States of America during each quota year, to its respective export quota.

In the event that, due to unforeseen circumstances, a country's total exports of coffee to the United States of America exceed in any quota year its export quota for the United States market, that quota for the following year shall be decreased by the amount of the excess.

If any producing country participating in this Agreement has exported in any quota year less than its quota for the United States market, the Board

may increase that country's quota for the immediately following quota year by an amount equal to the deficiency for the preceding quota year, up to the limit of 10 percent of the quota for such previous year.

The provisions of this Article shall also apply to the export quotas for the market outside the United States.

Any exportation of coffee to the market outside the United States which may be lost by fire, inundation or any other accident, before arriving at any foreign port, shall not be charged against the quota of the respective country corresponding to the date of shipment, provided that the loss is duly established before the Inter-American Coffee Board.

#### ARTICLE V

In view of the possibility of changes in the demand for coffee of a particular origin in the market outside the United States, the Board is empowered, by a two-thirds vote, to transfer, on the request of any participating country, a part of that country's quota for the United States market to its quota for the market outside the United States in order to bring about a better balance between supply and demand in special types of coffee. In such cases, the Board is authorized to make up the resulting deficiency in the total quota for the United States market by increasing the quotas of the other producing countries participating in this Agreement in proportion to their basic quotas.

#### ARTICLE VI

Each producing country participating in this Agreement shall take all measures necessary on its part for the execution and operation of this Agreement and shall issue for each coffee shipment an official document certifying that the shipment is within the corresponding quota fixed in accordance with the provisions of this Agreement.

#### ARTICLE VII

The Government of the United States of America shall take all measures necessary on its part for the execution and operation of this Agreement and shall limit, during each quota year, the entry for consumption into the United States of America of coffee produced in the countries listed in Article I to the quotas as established in the said Article or as modified pursuant to other provisions of this Agreement, it being understood that notice of any modified quotas will be communicated by the Board to the Governments of the countries participating in this Agreement.

The Government of the United States of America also undertakes to limit the total entry for consumption of coffee produced in countries other than those listed in Article I of this Agreement to a basic annual quota of 355,000 bags of 60 kilograms net or equivalent quantities. The quota on such coffee shall be increased or decreased by the same proportion and at the same time

as the global quota of the participating countries for the United States market.

In the event that due to unforeseen circumstances any quota is exceeded during any quota year, that quota for the following year shall be decreased by the amount of the excess.

#### ARTICLE VIII

In the event that there should be foreseen an imminent shortage of coffee in the United States market in relation to its requirements, the Inter-American Coffee Board shall have the authority, as an emergency measure, to increase the quotas for the United States market, in proportion to the basic quotas, up to the quantity necessary to satisfy these requirements even though in this manner the limits specified in Article III may be exceeded. Any member of the Board may request such an increase and the increase may be authorized by a one-third vote of the Board.

When, owing to special circumstances, it may be necessary for the purposes of the present Agreement to reduce the quotas for the United States market by a percentage greater than that established in Article III, the Inter-American Coffee Board shall also have the authority to exceed the percentage of reduction beyond the limits established by the said Article III, provided that this is approved by the unanimous vote of the Board.

#### ARTICLE IX

The present Agreement shall be under the administration of a Board, which shall be known as the "Inter-American Coffee Board", and which shall be composed of delegates representing the Governments of the participating countries.

Each Government shall appoint a delegate to the Board upon approval of the Agreement. In the absence of the delegate of any participating country, his Government shall appoint an alternate who shall act in place of the delegate. Subsequent appointments shall be communicated by the respective Governments to the Chairman of the Board.

The Board shall elect from among its members a Chairman and a Vice Chairman who shall hold office for such period as it may determine.

The seat of the Board shall be in Washington, D.C.

#### ARTICLE X

The Board shall have the following powers and duties in addition to those specifically set forth in other Articles of this Agreement:

- (a) The general administration of the present Agreement;
- (b) To appoint any employees that it may consider necessary and determine their powers, duties, compensation and duration of employment;
- (c) To appoint an Executive Committee and such other permanent or temporary committees as it considers advisable, and to determine their functions and duties;

(d) To approve an annual budget of expenses and fix the amount to be contributed by each participating Government, in accordance with the principles laid down in Article XIII;

(e) To seek such information as it may deem necessary to the proper operation and administration of this Agreement; and to publish such information as it may consider desirable;

(f) To make an annual report covering all of its activities and any other matters of interest in connection with this Agreement at the end of each quota year. This report shall be transmitted to each of the participating Governments.

#### ARTICLE XI

The Board shall undertake, as soon as possible, a study of the problem of coffee surpluses in the producing countries participating in this Agreement, and shall also take appropriate steps with a view to working out satisfactory methods of financing the storage of such surpluses in cases where such action is urgently needed to stabilize the coffee industry. Upon request, the Board shall assist and advise any participating Government which may desire to negotiate loans in connection with the operation of this Agreement. The Board is also authorized to render assistance in matters relating to the classification, storage and handling of coffee.

#### ARTICLE XII

The Board shall appoint a Secretary and take all other necessary measures to establish a Secretariat which shall be entirely free and independent of any other national or international organization or institution.

#### ARTICLE XIII

The expenses of delegates to the Board shall be defrayed by their respective Governments. All other expenses necessary for the administration of the present Agreement, including those of the Secretariat, shall be met by annual contributions of the Governments of the participating countries. The total amount, manner and time of payment shall be determined by the Board by a majority of not less than two thirds of the votes. The contribution of each Government shall be proportionate to the total of its respective basic quotas, except that the Government of the United States of America will accept as its contribution an amount equal to 33-1/3 percent of the total required contribution.

#### ARTICLE XIV

Regular meetings of the Board shall be held on the first Tuesday of January, April, July and October. Special meetings shall be called by the Chairman at any other time at his discretion, or upon written request of delegates representing not less than five of the participating Governments, or fifteen

percent of the quotas specified in Article I, or one third of the votes established in Article XV. Notice of all special meetings shall be communicated to the delegates not less than three days before the date fixed for the meeting.

The presence of delegates representing not less than 75 percent of the total votes of all the participating Governments shall be necessary to constitute a quorum for a meeting. Any participating Government may, through its delegate, by written notice to the Chairman, appoint the delegate of another participating Government to represent it and to vote on its behalf at any meeting of the Board.

Except as otherwise provided in this Agreement, decisions of the Board shall be taken by a simple majority of the votes, it being understood that, in every case, the computation shall be calculated on the basis of the total votes of all the participating Governments.

#### ARTICLE XV

The votes to be exercised by the delegates of the participating Governments shall be as follows:

Brazil.....	9
Colombia.....	3
Costa Rica.....	1
Cuba.....	1
Dominican Republic.....	1
Ecuador.....	1
El Salvador.....	1
Guatemala.....	1
Haiti.....	1
Honduras.....	1
Mexico.....	1
Nicaragua.....	1
Peru.....	1
United States of America.....	12
Venezuela.....	1
TOTAL.....	<hr/> 36

#### ARTICLE XVI

The official reports of the Board to the participating Governments shall be written in the four official languages of the Pan American Union.

#### ARTICLE XVII

The participating Governments agree to maintain, in so far as possible, the normal and usual operation of the coffee trade.

#### ARTICLE XVIII

The Board is authorized to appoint advisory committees in the important markets, to the end that consumers, importers and distributors of green and roasted coffee, as well as other interested persons, may be given an opportunity to express their views concerning the operation of the program established under this Agreement.

## ARTICLE XIX

If the delegate of any participating Government alleges that any participating Government has failed to comply with the obligations of the present Agreement, the Board shall decide whether any infringement of the Agreement has taken place, and, if so, what measures shall be recommended to correct the situation arising therefrom.

## ARTICLE XX

The present Agreement shall be deposited with the Pan American Union at Washington, which shall transmit authentic certified copies thereof to the signatory Governments.

The Agreement shall be ratified or approved by each of the signatory Governments in accordance with its legal requirements and shall come into force when the instruments of ratification or approval of all the signatory Governments have been deposited with the Pan American Union. As soon as possible after the deposit of any ratification the Pan American Union shall inform each of the signatory Governments thereof.

If, within ninety days from the date of signature of this Agreement, the instruments of ratification or approval of all the signatory Governments have not been deposited, the Governments which have deposited their instruments of ratification or approval may put the Agreement into force among themselves by means of a Protocol. Such Protocol shall be deposited with the Pan American Union, which shall furnish certified copies thereof to each of the Governments on behalf of which the Protocol or the present Agreement was signed.

## ARTICLE XXI

As long as the present Agreement remains in force, it shall prevail over provisions inconsistent therewith which may be contained in any other agreement previously concluded between any of the participating Governments. Upon the termination of the present Agreement, all the provisions which may have been temporarily suspended by virtue of this Agreement shall automatically again become operative unless they have been definitively terminated for other reasons.

## ARTICLE XXII

The present Agreement shall apply, on the part of the United States of America, to the customs territory of the United States. Exports to the United States of America and quotas for the United States market shall be understood to refer to the customs territory of the United States.

## ARTICLE XXIII

For the purpose of this Agreement the following definitions are adopted:

(1) "Quota year" means the period of twelve months beginning October 1, and ending September 30 of the following calendar year.

(2) "Producing countries participating in this Agreement" means all participating countries except the United States of America.

(3) "The Board" means the Inter-American Coffee Board provided for in Article IX.

#### ARTICLE XXIV

Subject to the eventuality covered by Article XXV, the present Agreement shall remain in force until October 1, 1943.

Not less than one year prior to October 1, 1943 the Board shall make recommendations to the participating Governments as to the continuation or otherwise of the Agreement. The recommendations, if in favor of continuation, may suggest amendments to the Agreement.

Each participating Government shall signify to the Board its acceptance or rejection of the recommendations referred to in the immediately preceding paragraph within six months after the date of the receipt of such recommendations. This period may be extended by the Board.

If said recommendations are accepted by all the participating Governments, the participating Governments undertake to take such measures as may be necessary to carry out said recommendations. The Board shall draw up a declaration certifying the terms of said recommendations and their acceptance by all the participating Governments, and the present Agreement shall be deemed to be amended in accordance with this declaration as from the date specified therein. A certified copy of the declaration together with a certified copy of the Agreement as amended shall be communicated to the Pan American Union and to each of the participating Governments.<sup>7</sup>

The same procedure for making amendments or for the continuation of the Agreement may be followed at any other time.

#### ARTICLE XXV

Any of the participating Governments may withdraw from the present Agreement after prior notification of one year to the Pan American Union which shall promptly inform the Board. If one or more participating Governments representing 20 percent or more of the total quotas specified in Article I of this Agreement withdraw therefrom, the Agreement will thereupon terminate.

#### ARTICLE XXVI

In the event that because of special and extraordinary circumstances the Board should believe that the period fixed by Article XXIV for the duration of this Agreement might be reduced, it shall immediately notify all the participating Governments which, by unanimous agreement, may decide to terminate this Agreement prior to October 1, 1943.

<sup>7</sup> Declarations continuing the agreement in force without change for one year from Oct. 1, 1943, and Oct. 1, 1944, were adopted by the Inter-American Coffee Board on May 12, 1943, and July 25, 1944.

## TRANSITORY ARTICLE

All coffee entered for consumption into the United States of America between October 1, 1940 and September 30, 1941, both inclusive, shall be charged against the quotas for the first quota year.

All coffee exported to the market outside the United States between October 1, 1940 and September 30, 1941, both inclusive, shall be charged against the quotas for the first quota year.

Done at the City of Washington, in English, Spanish, Portuguese and French, the twenty-eighth day of November, 1940.

For Brazil:		For Haiti:	
E. PENTEADO	[SEAL]	E. LESCOT	[SEAL]
For Colombia:		For Honduras:	
M. MEJÍA	[SEAL]	JULIÁN R. CÁCERES	[SEAL]
For Costa Rica:		For Mexico:	
OCTAVIO BEECHE	[SEAL]	A. ESPINOSA DE LOS	[SEAL]
For Cuba:		MONTEROS	
PEDRO MARTÍNEZ FRAGA	[SEAL]	For Nicaragua:	
For the Dominican Republic:		LEÓN DE BAYLE	[SEAL]
A. PASTORIZA	[SEAL]	For Peru:	
For Ecuador:		EDUARDO GARLAND	[SEAL]
C. E. ALFARO	[SEAL]	For The United States of America:	
For El Salvador:		SUMNER WELLES	[SEAL]
HÉCTOR DAVID CASTRO	[SEAL]	For Venezuela:	
For Guatemala:		LUIS COLL-PARDO	[SEAL]
ENRIQUE LÓPEZ HERRARTE	[SEAL]		

## PROTOCOL TO THE INTER-AMERICAN COFFEE AGREEMENT

## WHEREAS:

The second and third paragraphs of Article XX of the Inter-American Coffee Agreement, signed at Washington on November 28, 1940, provide that:

"The Agreement shall be ratified or approved by each of the signatory Governments in accordance with its legal requirements and shall come into force when the instruments of ratification or approval of all the signatory Governments have been deposited with the Pan American Union. As soon as possible after the deposit of any ratification the Pan American Union shall inform each of the signatory Governments thereof.

"If, within ninety days from the date of signature of this Agreement, the instruments of ratification or approval of all the signatory Governments have not been deposited, the Governments which have deposited their instruments of ratification or approval may put the Agreement into force

among themselves by means of a Protocol. Such Protocol shall be deposited with the Pan American Union, which shall furnish certified copies thereof to each of the Governments on behalf of which the Protocol or the present Agreement was signed.”;

AND WHEREAS ninety days have elapsed since the date of signature of the said Agreement without the instruments of ratification or approval of all the signatory Governments having been deposited with the Pan American Union;

The Governments of Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Peru and the United States of America which have deposited their respective instruments of ratification or approval with the Pan American Union, being desirous of bringing the said Agreement into force among themselves, have agreed as follows:

#### ARTICLE I

The Parties to the present Protocol agree to proceed immediately to put into force among themselves the Inter-American Coffee Agreement, signed at Washington on November 28, 1940.

#### ARTICLE II

The present Protocol is operative as regards each Contracting Party on the day following the date of signature by such Party.

Pending the deposit with the Pan American Union of the instruments of ratification or approval by all the signatory Governments of the said Agreement of November 28, 1940, the present Protocol shall remain open for signature by each signatory of the Inter-American Coffee Agreement on or after the date on which it shall deposit its instrument of ratification or approval thereof.

#### ARTICLE III

The present Protocol, signed in one original in the English, Spanish, Portuguese and French languages, all of which texts are equally authentic, shall be deposited with the Pan American Union at Washington, which shall transmit certified copies thereof to all the signatories of the Inter-American Coffee Agreement.

IN WITNESS WHEREOF the undersigned, duly authorized by their respective Governments, have signed the present Protocol and have affixed their respective seals hereto.

Done at the City of Washington, this fifteenth day of April, 1941.

For Brazil:

E. PENTEADO [SEAL]

For Colombia:

GABRIEL TURBAY [SEAL]

For Costa Rica:

OCTAVIO BEEGHE [SEAL]

For El Salvador:

HÉCTOR DAVID CASTRO [SEAL]

For Guatemala:

ENRIQUE LÓPEZ HERRARTE [SEAL]

For Haiti:

For Honduras:

JULIÁN R. CÁCERES [SEAL]

For Mexico:

F. CASTILLO NÁJERA [SEAL]

For Peru:

EDUARDO GARLAND [SEAL]

For the United States of America:

SUMNER WELLES [SEAL]

[The protocol was signed for Haiti on Apr. 17, 1941 (effective Apr. 15, 1941); it was signed for Ecuador on Apr. 29, 1941, for the Dominican Republic on Apr. 30, 1941, for Nicaragua on May 13, 1941, for Venezuela on Aug. 14, 1941, and for Cuba on Dec. 31, 1941.]