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IMPLEMENTING THE INTER-AMERICAN COFFEE AGREEMENT

FEBRUARY 27 (legislative day, FEBRUARY 13), 1941.—Ordered to be printed

Mr. CLARK of Missouri, from the Committee on Finance, submitted the following

REPORT

[To accompany S. J. Res. 43]

The Committee on Finance, having had under consideration the joint resolution (S. J. Res. 43) 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, hereby report the same favorably to the Senate, without amendment, with the recommendation that it do pass.

For the information of the Senate there are appended hereto, and made a part of this report, a communication of February 18, 1941, from the President to the Congress and a communication of February 17, 1941, from the Secretary of State to the President recommending the enactment of such legislation. These communications are as follows:

To the Congress of the United States:

I enclose a communication from the Secretary of State recommending the enactment of legislation to carry out the obligations of the United States under the inter-American coffee agreement, signed at Washington on November 28, 1940.

I recommend that the Congress enact the necessary legislation as recommended by the Secretary of State.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 18, 1941.*

DEPARTMENT OF STATE,
Washington, February 17, 1941.

The PRESIDENT:

I have the honor to recommend that the Congress be requested to enact legislation to carry out the obligations of the United States under the inter-American coffee agreement, signed at Washington on November 28, 1940, by representatives of this Government and the governments of 14 other American republics.

This agreement, which has received the advice and consent of the Senate to ratification, is designed to promote the orderly marketing of coffee in international trade with a view to assuring equitable terms for both producers and consumers. The text of the agreement and the report of the Secretary of State thereon, together with an analysis of the agreement, are included in Executive A, Seventy-seventh Congress, first session, a copy of which is enclosed.

Under the terms of the agreement the United States undertakes to establish import quotas on coffee. This will require legislation by the Congress. For the convenience of the Congress I attach a draft of a proposed joint resolution which, if enacted, will provide for import quotas on coffee and enable this Government to put into effect the measures necessary to carry out the agreement.

Respectfully submitted.

CORDELL HULL.

[Executive A, 77th Cong., 1st sess.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES, TRANSMITTING THE INTER-AMERICAN COFFEE AGREEMENT, SIGNED AT WASHINGTON ON NOVEMBER 28, 1940, BY REPRESENTATIVES OF THIS GOVERNMENT AND THE GOVERNMENTS OF 14 OTHER AMERICAN REPUBLICS

THE WHITE HOUSE, *January 9, 1941.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith, in certified form, the inter-American coffee agreement, in the Spanish, English, Portuguese, and French languages, signed at Washington on November 28, 1940, by representatives of this Government and the governments of 14 other American republics.

As pointed out in the accompanying report of the Secretary of State, the agreement aims at providing an equitable and effective method of dealing with the distressing situation which has arisen, as a result of the war, with regard to one of the most important commodities in the economy of the Western Hemisphere. It is a matter of great practical importance that the Senate give early consideration to the agreement.

FRANKLIN D. ROOSEVELT.

(Enclosures: (1) Inter-American coffee agreement; (2) report of the Secretary of State; and (3) analysis of the inter-American coffee agreement.)

JANUARY 8, 1941.

The PRESIDENT,
The White House:

I submit herewith, for transmission to the Senate for the advice and consent of that body to ratification, if your judgment approve thereof, a certified copy of the inter-American coffee agreement, in the Spanish, English, Portuguese, and French languages, signed at Washington on November 28, 1940, by representatives of this Government and the governments of 14 other American republics.

This agreement grows out of a resolution adopted at the meeting of Ministers of Foreign Affairs of the American republics at Habana in July 1940. At that meeting it was recommended, among other things, that, in view of the emergency conditions arising out of the war, steps be taken to bring about agreements designed to promote the orderly marketing in international trade of commodities of primary importance in the economic life of the countries of the Western Hemisphere, with a view to assuring equitable terms for both producers and consumers.

The present agreement is the result of months of study on the part of representatives of 15 American republics to deal with the abnormal and distressing situation which has arisen with regard to one of the most important commodities in the economy of this hemisphere. As a result of hostilities abroad, important markets in Europe for coffee have been completely shut off or greatly curtailed. Surpluses have piled up in the producing countries, prices have been greatly depressed, and the purchasing power of the coffee-producing American republics for the goods and services of the United States has been seriously affected. Unless remedial action is taken, there is every indication that the present situation will become worse.

The inter-American coffee agreement is an attempt to prevent further economic dislocation by providing effective measures for bringing the supplies of coffee in the international markets more nearly into line with existing demand at prices which will be reasonable to both producers and consumers. The agreement contemplates the establishment, as a temporary measure, of quotas for exports of coffee to the United States, and to the market outside of the United States, from each of the 14 coffee-producing countries of this hemisphere.

I am enclosing a memorandum containing an analysis of the provisions of the agreement. However, I wish to point out some of the more important provisions of particular interest to the United States.

Under the terms of the agreement the United States undertakes to establish, as a temporary measure, import quotas on coffee. The basic annual quota for imports into the United States from all countries is set at 15,900,000 bags, of 60 kilos each. This quantity is somewhat greater than imports during 1939, which set an all-time record. Coffee imported into the United States after October 1, 1940, is to be charged against the quotas for the first quota year, a quota year being defined as the 12-month period October 1 to September 30, inclusive. Provision is made for modifying the quotas, within specified limits, in order to adjust supplies to estimated requirements. The administration and operation of the agreement, including the adjustment of quotas, is to be in the hands of an Inter-American Coffee Board, which will be composed of representatives of all the signatory governments, and on which the United States will have 12 votes out of a total of 36. In order to assure that adequate supplies of coffee will be available in the United States at all times, it would be possible, as an emergency measure, to increase the quota for the United States beyond the normal limits specified, by the vote of the United States alone. The United States would undertake to contribute 33⅓ percent of the expenses of administration of the agreement. It will be noted that this share corresponds to the voting power of the United States on the Coffee Board.

The agreement provides for ratification or approval by the signatory governments, and is to remain in force until October 1, 1943; however, any government may withdraw at any time after 1 year's prior notice, and provision is also made for termination by unanimous agreement before October 1, 1943, in special and extraordinary circumstances. The agreement, with or without amendments, may be continued after Oct. 1, 1943, provided that this is agreed to by all the participating governments.

It should be observed that the agreement would in no way affect shipments of coffee into the United States from our Territories and possessions, such as Hawaii or Puerto Rico, nor would it limit exports from those areas to foreign countries. Indirectly, however, by tending to stabilize the price for coffee in the United States, it should benefit coffee producers in those areas.

The inter-American coffee agreement is an unprecedented step in the economic history of the American republics, being the first agreement of its kind ever to be signed by these countries. Its terms were arrived at after painstaking study and negotiation, conducted in a spirit of mutual helpfulness and cooperation on the part of the representatives of all the participating countries. It aims at providing an equitable and effective method of dealing with a very pressing problem which directly affects the interests of the entire Western Hemisphere. Upon entry into force, the agreement will mark a distinct practical achievement in the field of inter-American relations.

In order for this Government to be able to put into effect the measures required on its part to carry out this agreement, it will be necessary to seek action by the Senate with regard to ratification and also to obtain legislation from the Congress.

I urgently recommend that the agreement be submitted to the Senate at the earliest possible date.

Respectfully submitted.

CORDELL HULL.

(Enclosures: (1) Inter-American coffee agreement and (2) analysis of the agreement.)

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,

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:

Producing Country	*Bags of 60 Kilograms Net, or Equivalent Quantities*
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
Total	15, 545, 000

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:

Producing Country	*Bags of 60 Kilograms Net, or Equivalent Quantities*
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
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 33⅓ 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	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 definitely 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.

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.

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:
(S) E. PENTEADO. [SEAL]

For Colombia:
(S) M. MEJÍA. [SEAL]

For Costa Rica:
(S) OCTAVIO BEECHE. [SEAL]

For Cuba:
(S) PEDRO MARTÍNEZ FRAGA. [SEAL]

For the Dominican Republic:
(S) A. PASTORIZA. [SEAL]

For Ecuador:
(S) C. E. ALFARO. [SEAL]

For El Salvador:
(S) HÉCTOR DAVID CASTRO. [SEAL]

For Guatemala:
(S) ENRIQUE LÓPEZ HERRARTE. [SEAL]

For Haiti:
(S) E. LESCOT. [SEAL]

For Honduras:
(S) JULIÁN R. CÁCERES. [SEAL]

For Mexico:
(S) A. ESPINOSA DE LOS MONTEROS. [SEAL]

For Nicaragua:
(S) LEÓN DE BAYLE. [SEAL]

For Peru:
(S) EDUARDO GARLAND. [SEAL]

For the United States of America:
(S) SUMNER WELLES. [SEAL

For Venezuela:
(S) LUIS COLL-PARDO. [SEAL]

I hereby certify that the foregoing document is a true and faithful copy of the original in the English, Spanish, Portuguese, and French languages,[1] of the

[1] Spanish, Portuguese, and French texts not printed.

Inter-American Coffee Agreement, which was signed at Washington and deposited with the Pan American Union on November 28, 1940.

[SEAL]

PEDRO DE ALBA,
Secretary of the Governing Board of the Pan American Union.

WASHINGTON, D. C., *December 30, 1940.*

ANALYSIS OF THE PROVISIONS OF THE INTER-AMERICAN COFFEE AGREEMENT

The inter-American coffee agreement was signed at Washington on November 28, 1940, by representatives of the Governments of the United States of America, Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Peru, and Venezuela.

The preamble states in broad terms the general purpose of the agreement, namely, to promote the orderly marketing of coffee in international trade, with a view to assuring equitable terms for both producers and consumers.

To accomplish this purpose the agreement contemplates the establishment of quotas for exports of coffee to the United States, and to the market outside the United States, from each of the countries participating in the agreement (other than the United States). The basic annual quotas for exports to the United States market from each of the participating countries are set forth in article I; article II lists the basic quotas for exports to the market outside the United States. Provision is made in article III for modifying the quotas, within specified limits, in order to adjust supplies to estimated requirements.

The administration and operation of the agreement, including the adjustment of quotas, is to be in the hands of an Inter-American Coffee Board composed of delegates of all the signatory governments (art. IX). On this Board the United States will have 12 votes out of a total of 36 votes (art. XV).

Article IV contains the obligations of the countries other than the United States to limit their exports of coffee. In the event that exports during any quota year exceed a country's quota, that country's quota for the following quota year is to be decreased correspondingly. In article VI the coffee-exporting countries undertake to take all measures necessary for the execution and operation of the agreement, and to issue official documents certifying that shipments of coffe are within their quotas.

Article VII contains the undertaking by the United States to limit imports of coffee from the other participating countries to the quotas as set forth in article I, or as such quotas may be modified pursuant to other provisions of the agreement. In addition the United States agrees to limit imports from all other foreign countries to a basic annual quota of 355,000 bags. The quota for imports from these nonparticipating countries is to be increased or decreased in the same proportion as the total quota for the participating countries is increased or decreased.

In order to assure that adequate supplies of coffee will be available in the United States at all times, article VIII authorizes the Coffee Board, as an emergency measure, to increase, by a one-third vote, the quota for the United States beyond the limits specified in article III. Since the United States has one-third of the votes of the Board, such an increase could be authorized by vote of the United States alone.

Article IX provides for the establishment of the Inter-American Coffee Board and article X sets forth the general powers and duties of the Board. Under article XI the Board is to initiate action with a view to working out satisfactory methods of financing the storage of coffee surpluses where this may be urgently needed to stabilize the coffee industry, and it is also authorized to assist and advise any participating government desiring to negotiate loans in connection with the operation of the agreement. The Board is to establish a secretariat (art. XII). Provisions regarding meetings of the Board, quorum and methods of voting are contained in article XIV; and the number of votes to be exercised by each participating government is set forth in article XV.

Under the provisions of article XIII the United States undertakes to contribute 33⅓ percent of the expenses of administration, including the expenses of the secretariat. This share corresponds to the voting power of the United States on the Board. In the case of the other participating countries, contributions are to be in proportion to their basic coffee quotas.

Article XVII provides for maintaining, insofar as possible, the normal and usual operation of the coffee trade and, in article XVIII, provision is made for the setting up of advisory committees in order that consumers, importers, distributors, and other interested persons may have an opportunity to express their views concerning the operation of the agreement.

Article XX provides that the agreement shall be ratified or approved by each of the signatory governments 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. If within 90 days after signature the ratification or approval of all the signatories has not been received, the governments which have ratified or approved may put the agreement into force among themselves.

Article XXI temporarily suspends, for the duration of the agreement, any provisions inconsistent therewith which may be contained in any other agreement previously concluded between any of the participating governments.

Under article XXII the agreement is to be applicable, so far as the United States is concerned, to the customs territory of the United States.

The term "quota year", as used in the agreement, is defined in article XXIII as covering the 12-month period October 1 to September 30, inclusive.

Under the provisions of article XXIV the agreement is to remain in force until October 1, 1943; however, any government may withdraw at any time after 1 year's prior notice (art. XXV). Article XXIV also provides that the agreement, with or without amendments, may be continued after October 1, 1943, provided that this is agreed to by all the participating governments. Provision is made in article XXVI for termination by unanimous agreement before October 1, 1943, in special and extraordinary circumstances.

The transitory article provides that all coffee imported into the United States on and after October 1, 1940, shall be charged against the quotas for the first quota year; there is a similar provision regarding exports to the market outside the United States.

O