

No. 3934

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**UNITED STATES OF AMERICA  
and  
IRAN**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act.  
Signed at Tehran, on 20 February 1956**

*Official text: English.*

*Registered by the United States of America on 12 July 1957.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
IRAN**

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre I de la loi tendant à développer et à favoriser  
le commerce agricole. Signé à Téhéran, le 20 février  
1956**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 12 juillet 1957.*

No. 3934. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
THE GOVERNMENT OF IRAN UNDER TITLE I OF THE  
AGRICULTURAL TRADE DEVELOPMENT AND ASSIST-  
ANCE ACT. SIGNED AT TEHRAN, ON 20 FEBRUARY  
1956

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The Government of the United States and the Government of Iran;

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States in these commodities or unduly disrupt world prices of agricultural commodities;

Considering that the purchase for Iranian rials of surplus agricultural commodities produced in the United States will assist in achieving such an expansion of trade;

Considering that the Iranian rials from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of Iran pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and the measures which the two governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

*Article I*

SALES FOR IRANIAN RIALS

1. Subject to the issuance and acceptance of the purchase authorizations referred to in paragraph 2 of this Article, the Government of the United States of America undertakes to finance on or before June 30, 1956, the sale for Iranian rials of certain agricultural commodities determined to be surplus pursuant to the Agricultural Trade Development and Assistance Act of 1954 as amended, to the Government of Iran.
2. The United States Government will issue, within the terms of this agreement, purchase authorizations which shall include provisions relating to the

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<sup>1</sup> Came into force on 20 February 1956, upon signature, in accordance with article VI.

sale and delivery of commodities, the time and circumstances of deposit of the Iranian rials accruing from such sales and other relevant matters, and which shall be subject to acceptance by the Government of Iran. Certain commodities, and amounts, with respect to which tentative agreement has been reached by the two governments are listed in paragraph 3 of this Article.

3. The United States Government undertakes to finance the sale to the Government of Iran of the following commodities, in the amounts and approximate quantities indicated, during the United States fiscal year 1956, under the terms of Title I of the said Act of this Agreement :

<i>Commodity</i>	<i>Export Market Value (millions of dollars)</i>
Wheat (about 50,000 M. T.) . . . . .	\$3.9
Butter Oil (about 5,000 M. T.) . . . . .	5.5
Edible Fats and Oils (about 3,000 M. T.) . . . . .	1.4
Butter (about 500 M. T.) . . . . .	.5
Ocean Transportation (approx. fifty percent cost) . . . . .	.8
	TOTAL \$12.1

## *Article II*

### USES OF IRANIAN RIALS

1. The two governments agree that the Iranian rials accruing to the United States of America as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States for the following purposes in the amounts shown :

- (a) To help develop new markets for United States agricultural commodities, to finance international educational exchange activities in Iran, and for other United States expenditures in Iran under sub-sections (a), (f) and (h) of Section 104 of the Act, the Iranian rial equivalent of \$3.7 million.
- (b) To procure military equipment, materials, facilities and services for the common defense in accordance with subsection (c) of Section 104 of the Act, the Iranian rial equivalent of \$5.9 million, subject to supplemental agreement between the two governments.
- (c) For loans to the Government of Iran to promote the economic development of Iran under Section 104 (g) of the Act, the rial equivalent of \$2.5 million subject to supplemental agreement between the two governments. In the event rials set aside for loans to the Government of Iran are not advanced within three years from the date of this agree-

ment as a result of failure of the two governments to reach agreement on the use of the rials for loan purposes, or for any other purpose, the Government of the United States may use the rials for any other purpose authorized by Section 104 of the Act.

2. The Iranian rials accruing under this Agreement shall be expended by the Government of the United States for the purposes stated in paragraph 1 of this Article, in such manner and order of priority as the Government of the United States shall determine.

### *Article III*

#### DEPOSIT OF IRANIAN RIALS AND RATE OF EXCHANGE

The deposit of Iranian rials in payment for the commodities if the letter of commitment method of direct financing is used will be made at the rate of exchange for U. S. dollars generally applicable to import transactions (excluding imports granted a preferential rate) on the dates of dollar disbursement by U. S. banks to the U. S. suppliers of the commodities. Deposits will be made by "approved applicants"; i. e., importer's banks in Iran, at the time such banks receive title documents showing the amount of dollar disbursement by U. S. banks. If Iran prefers to purchase the commodities on the reimbursement basis, deposits will be made when dollar reimbursement is received by Iran at the selling rate in effect on the date of reimbursement, as in the case of reimbursement for ocean freight financed separately.

### *Article IV*

#### GENERAL UNDERTAKINGS

1. The Government of Iran agrees that it will take all possible measures to prevent the resale or transshipment to other countries or use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States), of surplus agricultural commodities purchased pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities to nations unfriendly to the United States.

2. The two governments agree that they will take reasonable precautions to assure that all sales of surplus agricultural commodities pursuant to the Agricultural Trade Development and Assistance Act of 1954 will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States in these commodities, or materially impair trade relations among the countries of the free world.
3. In carrying out this Agreement the two governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.
4. The Government of Iran agrees to furnish, upon request of the Government of the United States, information on the progress of the program, particularly with respect to arrivals and condition of commodities and the provisions for the maintenance of usual marketings, and information relating to exports of the same and like commodities.

#### *Article V*

##### CONSULTATION

The two governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement, or to the operation of arrangements carried out pursuant to this Agreement.

#### *Article VI*

##### ENTRY INTO FORCE

This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Tehran this 20th day of February 1956.

Selden CHAPIN  
Ambassador of the United  
States of America

G. FOROUHAR  
Minister of Finance