

No. 4008

**UNITED STATES OF AMERICA
and
ISRAEL**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with agreed minute). Signed at Washing-
ton, on 11 September 1956**

Official text: English.

Registered by the United States of America on 2 October 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISRAËL**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favoriser
le commerce agricole, telle qu'elle a été modifiée (avec
procès-verbal agréé). Signé à Washington, le 11 septem-
bre 1956**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 2 octobre 1957.

No. 4008. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
ISRAEL UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT WASHINGTON, ON 11 SEP-
TEMBER 1956

The Government of the United States of America and the Government of Israel :

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 Israeli pounds of surplus agricultural commodities produced in the United States will assist in achieving such an expansion of trade;

Considering that the Israeli pounds accruing 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 Israel 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 ISRAELI POUNDS

1. Subject to the issuance and acceptance of purchase authorizations referred to in paragraph 2 of this Article, the Government of the United States undertakes to finance on or before June 30, 1957, the sale for Israeli pounds of certain agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, to purchasers authorized by the Government of Israel.

¹ Came into force on 11 September 1956, upon signature, in accordance with article VI.

2. The United States Government will issue, within the terms of this Agreement, purchase authorizations which shall include provisions relating to the sale and delivery of agricultural commodities, the time and circumstances of deposit of the Israeli pounds accruing from such sales, and other relevant matters, and which shall be subject to acceptance by the Government of Israel. Certain commodities, and amounts, with respect to which 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 Israel of the following commodities, in the export market value indicated, during the United States fiscal year 1957, under the terms of the said Act, as amended, and of this Agreement.

<i>Commodity</i>	<i>Export Market Value (Million Dollars)</i>
Feed Grains	\$ 2.0
Wheat	4.7
Butter	1.7
Cheese8
Inedible Tallow1
	SUB-TOTAL \$ 9.3
Ocean Transportation (Estimated 50%)	1.4
	TOTAL \$10.7

Article II

USES OF ISRAELI POUNDS

1. The two Governments agree that Israeli pounds accruing to the Government of the United States 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, for international educational exchange, for purchases of goods and services for other friendly countries and for other United States expenditures in Israel under subsections (a), (d), (f) and (i) of Section 104 of the Act, the Israeli pound equivalent of \$2.7 million.
- (b) For loan to the Government of Israel to promote the economic development of Israel under Section 104 (g) of the Act, the Israeli pound equivalent of \$8.0 million, subject to supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, with payment to be made in United States dollars or, at the option of the Govern-

ment of Israel, in Israeli pounds, such payments in pounds to be made at the applicable rate of exchange, as defined in the loan agreement, in effect on the date of each payment. Other provisions will also be set forth in the loan agreement and any agreement supplemental thereto. In the event pounds set aside for loans to the Government of Israel are not advanced within three years from the date of this Agreement as a result of failure of the two governments to reach agreements on the use of the pounds for loan purposes, or for any other purpose authorized by Section 104 of the Act, the Government of the United States may use the pounds for any such other purpose. Not less than \$1.5 million of this sum will be reserved for relending to private enterprise through established banking facilities under procedures to be agreed upon by the two governments.

2. The Israeli pounds accruing under this Agreement shall be expended by the Government of the United States for purposes stated in paragraph 1 of this Article in such manner and order of priority as the Government of the United States shall determine. To the extent that the total of pounds accruing to the Government of the United States as a consequence of sales made pursuant to this Agreement is less than \$10.7 million the amount available for loans to the Government of Israel would be reduced by the deficiency in deposits; to the extent that the total exceeds the equivalent of \$10.7 million, 25 percent of the excess would be available for United States uses under Section 104 (f) and 75 percent for loans to Israel under Section 104 (g).

Article III

DEPOSITS OF ISRAELI POUNDS AND RATE OF EXCHANGE

The deposit of Israeli pounds in payment for the commodities and for ocean freight costs financed by the Government of the United States (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Israel agrees that it will take all possible measures to prevent the resale or trans-shipment to other countries, or use for other than domestic purposes (except where such resale, trans-shipment 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 its 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, as amended, 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 Israel 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 or 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 to be 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 Washington this eleventh day of September, 1956.

For the Government of the United States of America :
William M. ROUNTREE

For the Government of Israel :
Abba EBAN

AGREED MINUTE BETWEEN THE NEGOTIATORS FOR THE UNITED STATES AND THE NEGOTIATORS FOR ISRAEL RELATIVE TO THE AGRICULTURAL COMMODITIES AGREEMENT¹ FOR THE FISCAL YEAR 1956-1957

The United States representatives secured the following understandings from the representatives of Israel :

1. USUAL MARKETINGS

Wheat. The amount of \$4.7 million (about 75,000 M. T.) has been agreed under Title I, Public Law 480, U. S. fiscal year 1956-1957, on condition, as heretofore agreed upon, that Israel provide assurance it will take 150,000 M. T. as usual marketings for dollars from the United States and will continue to maintain the stock level of six months' supply for a minimum of three years from the date of this Agreement; and on the further condition that exports of wheat by the Government of Israel during the U. S. fiscal year 1956-1957 consist only of durum wheat and be limited to no more than 10,000 M. T.

Feed Grains. The \$2.0 million (about 40,000 M. T.) has been agreed under Title I, Public Law 480, on condition, as heretofore agreed upon, that Israel provide assurance it will take 20,000 M. T. as usual marketings for dollars and will maintain the stock level of six months' supply for a minimum of three years from the date of this Agreement.

Inedible Tallow. The \$100,000 (about 500 M. T.) has been agreed under Title I, Public Law 480, on condition that Israel provide assurance it will take a minimum of 900 M. T. as usual marketings for dollars from the United States.

Other Commodities. No usual marketing commitments for dollars are required for butter and cheese. However, the representatives of Israel stated that Israel expects to import normal commercial quantities of both of these commodities from other usual suppliers in the United States fiscal year 1956-1957.

2. CURRENCY USES

It is understood that, in view of the agricultural surplus problem in the United States, careful attention will need to be given to the inadvisability of using economic development loan funds under Section 104 (g) for projects

¹ See p. 216 of this volume.

either in the field of governmental or private investment which would reduce export outlets for United States agricultural commodities. This applies to any project whether or not related to projects financed by the Export-Import Bank of Washington, the International Bank for Reconstruction and Development, or the International Finance Corporation. Projects for such purposes as expansion or improvement of livestock production, storage, processing and distribution facilities; development of forestry resources; or other purposes which would not have the effect of reducing export outlets for United States agricultural commodities would be considered on an individual basis.

3. OCEAN TRANSPORTATION

As required by law, at least 50 percent of the dry cargo liner tonnage and 50 percent of the dry bulk carrier tonnage of each commodity financed under Title I will be required to be transported on privately-owned United States vessels, if available. The United States Department of Agriculture will finance (subject to repayment in Israeli pounds to the extent indicated below) the ocean freight on shipments required to be made on United States vessels.

The Government of Israel will be expected to finance ocean freight on the approximately 50 percent not required to be carried on United States flag vessels. When ocean freight is covered by the commodity price (c. i. f. and C. & F. sales), financing on United States vessels required to be used, will be through regular letter of credit procedures. On f. o. b. and f. a. s. vessel United States port sales, the dollar cost of ocean freight on such United States vessels will be reimbursed to the Government of Israel upon submission of documentation showing the dollar amount of ocean freight paid. Ocean freight authorizations issued by the United States Department of Agriculture providing for reimbursement under f. o. b. and f. a. s. sales are assignable to United States banking institutions. The Government of Israel will be required to deposit Israeli pounds for ocean freight financed by the United States Department of Agriculture only at the freight rate prevailing on non-United States vessels. Implementation of the 50-50 freight requirement will be accomplished by advance approval of bookings and charters by the United States Department of Agriculture.

4. It is now contemplated that all shipments of commodities provided for in the Agreement will be completed during the United States fiscal year 1956-1957. However, if, for any reason, it becomes necessary to extend the shipping deadline

beyond June 30, 1957, the Government of Israel will be required to give assurances that the same volume of usual marketings from the United States would be procured during the 1957-1958 fiscal year or in any subsequent fiscal year in which Title I shipments are actually made.

In issuing purchase authorizations due consideration will be given to such factors as seasonal availability of commodities in the United States, availability of ocean transportation facilities, storage and distribution facilities in Israel, and other pertinent factors, in order to assure orderly procurement and distribution of commodities.

5. At the request of the representatives of the Government of the United States, the representatives of the Government of Israel took particular note of the undertaking under the sales agreement for the United States fiscal year 1957, that Israel's purchases under that agreement would not displace the usual marketings of the United States or materially impair trade relations among the countries of the free world. Both sides recognized that this provision applied to all of the commodities specified in the sales agreement. In this connection the representatives of the Government of Israel stated that Israel expects to import 120,000 metric tons of wheat from countries other than the United States in the United States fiscal year 1956-1957.

6. With respect to the \$1.5 million to be set aside for relending to private enterprise, the representatives of the Government of Israel stated that Israel would, as a matter of policy, endeavor to augment the amount to be relented to private enterprise up to \$2.0 million and beyond if feasible in conformity with prudent lending policies.

7. The undertakings recorded in these Minutes are given without prejudice to further applications by Israel for additional purchases under Title I, Public Law 480 in the United States fiscal year 1956-1957.

W. R.
September 11, 1956

A. E.
September 11, 1956