

No. 3731

**UNITED STATES OF AMERICA
and
ISRAEL**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act.
Signed at Washington, on 29 April 1955**

Official text: English.

Registered by the United States of America on 19 March 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. Signé à Washington, le 29 avril
1955**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 19 mars 1957.

No. 3731. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
ISRAEL UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT.
SIGNED AT WASHINGTON, ON 29 APRIL 1955

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

Considering that the Israel pounds accruing from such purchases will be utilized in a manner beneficial to both countries ;

Desiring to set forth the understanding which will govern the sales of agricultural commodities to Israel pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, 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 ISRAEL 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 of America undertakes to finance on or before June 30, 1955, the sale for Israel pounds of certain agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954 to purchasers authorized by the Government of Israel.
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 commodities, the time and circumstances of deposit of the Israel pounds

¹ Came into force on 29 April 1955, upon signature, in accordance with article VI.

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 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 Israel of the following commodities, in the export market values indicated, during the United States fiscal year 1955, under the terms of Title I of the said Act and of this Agreement :

<i>Commodity</i>	<i>Value (Million dollars)</i>
Wheat (about 50,000 M.T.)	\$ 3.4
Rice (about 33,000 cwt.)3
Cotton (about 6,000 bales)	1.1
Tobacco (about 250,000 lbs.)2
Butter (about 1,000 M.T.)9
Feed grain (about 40,000 M.T.)	1.7
Cottonseed oil (about 2,228 M.T.)7
	<hr/>
SUB-TOTAL	8.3
Ocean transportation (estimated for 50% cost)	1.1
	<hr/>
TOTAL	\$ 9.4

Article II

USES OF ISRAEL POUNDS

1. The two Governments agree that Israel 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 purchase of goods and services for other friendly countries and for other U. S. expenditures in Israel under subsections (a), (d), (f), and (h) of Section 104 of the Act, the Israel pound equivalent of \$4.7 million.

(b) For loans to the Government of Israel to promote the economic development of Israel under section 104 (g) of the Act, the Israel pound equivalent of \$4.7 million, subject to supplemental agreement between the two Governments. In the event that Israel 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 agreement on uses of the Israel pounds for loan purposes or for any other purpose, the Government of the United States may use the Israel pounds for any other purpose authorized by Section 104 of the Act.

2. The Israel 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.

Article III

DEPOSITS AND WITHDRAWALS OF ISRAEL POUNDS

1. The amount of Israel pounds to be paid by the Government of Israel to the United States and deposited in a "special" account with the Bank of Israel by the United States Disbursing Officer shall be the dollar sales value of the commodities reimbursed or financed by the Government of the United States converted into Israel pounds at the rate of exchange for U. S. dollars, on the dates of dollar disbursement by the United States available to any party in Israel which is most favorable to the United States and which is not illegal. Such dollar sales value shall include ocean freight and handling, reimbursed or financed by the Government of the United States, except that it shall not include any extra cost of ocean freight resulting from a United States requirement that the commodities be transported on United States flag vessels.

2. The Government of Israel, in order to maintain the dollar value of the \$4.7 million in Israel pounds to be used under paragraph 1 (a) and (b) of Article II, agrees that the following procedures shall apply to the "special" account provided for in paragraph 1 above:

(a) When the United States Disbursing Officer desires to draw against the "special" account he will inform the Government of Israel, in terms of United States dollars, of the amount, the Israel pound equivalent of which is to be paid out. The Israel pound withdrawal will be calculated at the exchange rate for U. S. dollars on the date of payment, available to any party in Israel which is most favorable to the United States and which is not illegal.

(b) If on the date Israel pounds are withdrawn from the "special" account the rate available to the United States under (a) above has depreciated as compared with the rate at which the Israel pounds were originally deposited under paragraph 1 above, the Government of Israel will deposit an amount of Israel pounds into the

“special” account equal to the product of the dollar amount referred to in (a) above and the difference between the two exchange rates.

(c) If on the other hand, on the date Israel pounds are withdrawn from the “special” account the rate under (a) above has appreciated as compared with the rate at which the Israel pounds are originally deposited under paragraph 1 above, the United States Disbursing Officer will pay to the Government of Israel an amount of Israel pounds from the “special” account equal to the product of the dollar amount referred to in (a) above and the difference between the two exchange rates.

(d) In the event deposits into the “special” account are made at more than one rate of exchange, the weighted average rate of such deposits shall be used for implementing sub-paragraphs (b) and (c) above.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Israel 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 this Agreement, 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 sales or purchases of surplus agricultural commodities pursuant to this Agreement 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.

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 Washington this twenty-ninth day of April, 1955.

For the Government of the United States of America :

John D. JERNEGAN

For the Government of Israel :

Abba EBAN
