

No. 4389

**UNITED STATES OF AMERICA
and
TURKEY**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes and Memorandum
of Understanding). Signed at Ankara, on 20 January
1958**

Official text: English.

Registered by the United States of America on 1 July 1958.

**ÉTATS-UNIS D'AMÉRIQUE
et
TURQUIE**

**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
échange de notes et Mémorandum d'accord). Signé à
Ankara, le 20 janvier 1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} juillet 1958.

No. 4389. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE REPUBLIC OF TURKEY UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND AS-
SISTANCE ACT, AS AMENDED. SIGNED AT ANKARA,
ON 20 JANUARY 1958

The Government of the United States of America and the Government of the Republic of Turkey :

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 of America in these commodities, or unduly disrupt world prices of agricultural commodities;

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

Considering that the lira 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 the Government of the Republic of Turkey pursuant to Title I of the Agricultural Trade Development and Assistance Act, 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 TURKISH LIRA

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Turkey of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of the Republic of Turkey, for Turkish lira, of the following agricultural commodities determined

¹ Came into force on 20 January 1958, upon signature, in accordance with article VI.

to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, in the amount indicated.

<i>Commodity</i>	<i>Export Market Value (Million)</i>
Wheat	\$15.4
Feedgrains	3.0
Soybean and/or cottonseed oil	21.4
Butter4
Anhydrous milk fat2
Cheese	1.3
Non-fat dry milk3
Ocean transportation (est. 50%)	4.8
	TOTAL \$46.8

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this agreement. They will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Turkish lira accruing from such sale and other relevant matters.

Article II

USES OF TURKISH LIRA

1. The two Governments agree that the Turkish lira accruing to the Government of the United States of America as a consequence of the sales made pursuant to this agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown :

- (a) To help develop new markets for United States agricultural commodities, for international educational exchange, for financing the translation, publication and distribution of books and periodicals, and for other expenditures by the Government of the United States of America under Sections 104 (a), 104 (f), 104 (h) and 104 (i) of the Act, the lira equivalent of \$19.1 million.
- (b) For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of the Act and for administrative expenses of the Export-Import Bank of Washington in Turkey incident thereto, the Turkish lira equivalent of \$7.0 million, but not more than 25% of the currencies received under the agreement. Such loans will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Turkey for

business development and trade expansion in Turkey and to United States firms, and Turkish firms, for the establishment of facilities for aiding in the utilization, distribution or otherwise increasing the consumption of markets for United States agricultural products. It is understood that such loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of the Republic of Turkey. The International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs will act on behalf of the Government of the Republic of Turkey in this matter. In the event the Turkish lira set aside for loans under Section 104 (e) of said Act are not advanced within three years from the date of this agreement because Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs, the Government of the United States of America may use the Turkish lira for any purpose authorized by Section 104 of the Act.

- (c) For a loan to the Government of the Republic of Turkey to promote the economic development of Turkey under Section 104 (g) of the Act, the lira equivalent of \$18.7 million the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in U. S. dollars, or, at the option of the Government of the Republic of Turkey, in lira, such payments in lira to be made at the applicable exchange rate as defined in the loan agreement, in effect on the date of the payment. It is further understood that loan funds shall be disbursed only after prior agreement as to the uses of such loan funds. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. In the event the Turkish lira set aside for loans to the Government of the Republic of Turkey 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 the use of the Turkish lira for loan purposes, the Government of the United States of America may use the Turkish lira for any other purpose authorized by Section 104 of the Act.
- (d) To provide assistance of the types provided for under Section 104 (j) of the Act, the lira equivalent of not to exceed \$2.0 million.

2. In the event the total of lira accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the lira equivalent of \$46.8 million, the amount available for a loan to the Government of the Republic of Turkey under Section 104 (g) would be

reduced by the amount of such difference; in the event the total lira deposit exceeds the equivalent of \$46.8 million, 40% of the excess would be available for loans under Section 104 (g) and 60% would be available for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

Article III

DEPOSIT OF TURKISH LIRA

The deposit of lira to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made in a manner to be agreed upon between the two Governments.

Article IV

GENERAL UNDERTAKINGS

•

1. The Government of the Republic of Turkey agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, 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 of America.

2. The two Governments agree that they will take reasonable precaution 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 of America 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 the Republic of Turkey agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions

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 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 in duplicate at Ankara, this 20th day of January, 1958.

For the Government
of the United States of America :

Fletcher WARREN

[SEAL]

For the Government
of the Republic of Turkey :

H. E. IŞIK

[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Turkish Minister of Foreign Affairs

AMERICAN EMBASSY
ANKARA, TURKEY

No. 1755

January 20, 1958

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement of January 20, 1958,¹ between the Government of the United States of America and the Government of the Republic of Turkey under Title I of the Agricultural Trade Development and Assistance Act, as amended, and to confirm the understanding of my Government that in signing this Agreement :

The Government of the Turkish Republic undertakes

- (a) to refrain from exporting soft wheat from the 1957 crop or any other soft wheat until after August 1, 1958; and
- (b) to hold to a minimum exports of durum wheat from the 1957 crop, or until August 1, 1958, and to offset any durum wheat exports during this period with purchases of equivalent quantities of wheat financed from Turkey's own resources.

I shall be appreciative if I may be informed of the concurrence of Your Excellency's Government with the understanding above set forth.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

Fletcher WARREN

His Excellency Fatin Rüştü Zorlu
Minister of Foreign Affairs
for the Republic of Turkey

¹ See p. 16 of this volume.

II

The Turkish Minister of Foreign Affairs to the American Ambassador

TÜRKİYE CUMHURİYETİ
HARİCİYE VEKÂLETİ¹

No. 11

Ankara, January 20, 1958

Excellency :

I have the honor to acknowledge receipt of your letter No. 1755 dated January 20, 1958 which reads as follows :

[See note I]

I have the honor to inform you that the Government of Turkey concurs with the foregoing understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Minister of Foreign Affairs :

H. E. IŞIK

His Excellency Fletcher Warren
Ambassador of the United States of America
Ankara

III

The American Ambassador to the Turkish Minister of Foreign Affairs

AMERICAN EMBASSY
ANKARA, TURKEY

No. 1812

January 20, 1958

Excellency :

I have the honor to refer to the conversations held recently between representatives of our two Governments resulting in the conclusion of the attached "Memorandum of Understanding² Between the Government of the United States of America and the Government of the Republic of Turkey Relating to the Agricultural Commodities Agreement dated January 20, 1958."

¹ Republic of Turkey.
Ministry of Foreign Affairs.

² See p. 30 of this volume.

I take this opportunity to confirm to Your Excellency that the provisions contained in the above cited document are accepted by my Government. I shall be appreciative if Your Excellency will confirm to me that they are likewise acceptable to Your Excellency's Government.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

Fletcher WARREN

Enclosure :

Memorandum of Understanding Between the Government of the United States of America and the Government of the Republic of Turkey Relating to the Agricultural Commodities Agreement dated January 20, 1958.

His Excellency Fatin Rüştü Zorlu
Minister of Foreign Affairs
for the Republic of Turkey

MEMORANDUM OF UNDERSTANDING

In arriving at mutual agreement concerning loans eligible under Section 104 (e) the Secretary General of the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs, or his designate, will act for the Government of the Republic of Turkey, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.

Upon receipt of an application for a loan eligible under Section 104 (e) which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, the general purposes for which the loan proceeds would be expended, and the probable range of (1) the interest rate and (2) the repayment period.

Within sixty days after the receipt of such notice the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs will indicate to the Export-Import Bank whether or not the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs is receptive to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs, it shall be understood that the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs has no objection to the proposed loan.

When the Export-Import Bank approves or declines the proposed loan, it will notify the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs.

In approving a loan, the Export-Import Bank will (1) fix an interest rate similar to that prevailing in Turkey on comparable loans; and (2) establish maturities similar to those of Export-Import dollar loans to private enterprises.

IV

The Turkish Minister of Foreign Affairs to the American Ambassador

TÜRKİYE CUMHURİYETİ
HARİCİYE VEKÂLETİ¹

No. 13

Ankara, January 20, 1958

Excellency :

I have the honor to acknowledge receipt of your letter No. 1812 dated January 20, 1958 which reads as follows :

[See note III]

I have the honor to inform you that the provisions contained in the aforementioned Memorandum of Understanding are acceptable to the Government of Turkey.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Minister of Foreign Affairs :

H. E. IŞIK

His Excellency Fletcher Warren
Ambassador of the United States of America
Ankara

¹ Republic of Turkey.
Ministry of Foreign Affairs.