

No. 4810

**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 Wash-
ington, on 6 November 1958**

Official text: English.

Registered by the United States of America on 26 June 1959.

**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 approuvé). Signé à Washington, le 6 no-
vembre 1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 26 juin 1959.

No. 4810. 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 6 NO-
VEMBER 1958

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 of America in these commodities, or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

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

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

Desiring to set forth the understandings which will govern the sales, as specified below, of surplus agricultural commodities to Israel pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (herein-after referred to as the Act), 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

Subject to the issuance of purchase authorizations by the Government of the United States of America and acceptance by the Government of Israel, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Israel, for Israel pounds, of the following agricultural commodities determined to be surplus pursuant to the Act in the amounts indicated :

¹ Came into force on 6 November 1958, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Amount (thousands)</i>
Feed grains	\$15,355
Wheat	11,256
Nonfat dried milk	1,528
Vegetable oils	2,381
Beans	331
Cotton	990
Tobacco	198
Ocean transportation	5,703
TOTAL	\$37,742

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 Israel pounds accruing from such sale and other relevant matters.

Article II

USES OF ISRAEL POUNDS

The two Governments agree that the Israel pounds accruing to the Government of 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 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 :

1. For the United States expenditures under sub-sections (a), (b), (d), (f), (h), (i), (k), (l), (m), (n), and (o) of Section 104 of the Act, or under any of such sub-sections, the Israel pound equivalent of \$9.435 million. Uses under sub-sections (k), (l), (m), (n), and (o) are subject to legislative action by the Congress of the United States.

2. 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 Israel incident thereto, the Israel pound equivalent of \$9.435 million, but not more than 25 percent of the currencies received under the agreement. It is understood that :

(a) Such loans under Section 104 (e) of the Act will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Israel for business development and trade expansion in Israel and to United States firms and Israel firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of and markets for United States agricultural products.

- (b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Israel, acting through the Ministry of Finance. The Minister of Finance or his designate, will act for the Government of Israel, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.
- (c) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the Ministry of Finance of the identity of the applicant, the nature of the proposed business, the amount of the proposed business, the amount of the proposed loan, and the general purposes for which the loan proceeds would be expended.
- (d) When the Export-Import Bank is prepared to act favorably upon an application it will so notify the Ministry of Finance and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to those prevailing in Israel on comparable loans and the maturities will be consistent with the purposes of the financing.
- (e) Within sixty days after the receipt of notice that the Export-Import Bank is prepared to act favorably upon an application the Ministry of Finance will indicate to the Export-Import Bank whether or not the Ministry of Finance has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Ministry of Finance it shall be understood that the Ministry of Finance has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Ministry of Finance.
- (f) In the event the Israel pounds set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this agreement because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the Ministry of Finance, the Government of the United States of America may use the Israel pounds for any purpose authorized by Section 104 of the Act.

3. For loan to the Government of Israel under sub-section (g) of Section 104 of the Act, the Israel pound equivalent of not more than \$18.872 million, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Israel as may be mutually agreed. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in Israel pounds, such payments to be made at the applicable exchange rate as defined in the loan agreement. The terms and conditions of the loan and other provisions will be set forth in a supplemental loan agreement between the two Governments.

4. In the event the total of Israel pounds accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the equivalent of \$37,742,000, the amount available for loans to the Government of Israel will be reduced by an equivalent amount; to the extent that the total exceeds the Israel pound equivalent of \$37,742,000, 25 percent of the excess will be available for the use of the Government of the United States of America, 25 percent for loans under Section 104 (e) and 50 percent for loans to the Government of Israel under Section 104 (g).

Article III

DEPOSIT OF ISRAEL POUNDS

Israel pounds shall be deposited 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) at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, 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 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 precautions to assure that all sales or purchases of 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 disrupt normal patterns of commercial trade with friendly countries.

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 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 Washington this sixth day of November, 1958.

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

For the Government of Israel :
Yaacov HERZOG

AGREED MINUTE BETWEEN THE NEGOTIATORS FOR THE UNITED STATES OF AMERICA AND THE NEGOTIATORS FOR ISRAEL RELATIVE TO THE AGRICULTURAL COMMODITIES AGREEMENT, SIGNED NOVEMBER 6, 1958

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

1. *Usual Marketings*

Wheat. The amount of \$9.4 million (about 150,000 Metric Tons) has been agreed to under Title I, Public Law 480, on condition that Israel will import 150,000 M. T. during the United States fiscal year 1959 (hereinafter referred to

as FY 1959) from free world sources of which at least 50,000 M. T. will be imported from the United States as usual marketings purchased with Israel's own resources, and on the further condition that exports of wheat by the Government of Israel during FY 1959 consist only of durum wheat and be limited to no more than 10,000 M. T. Further, it is understood that the Government of Israel will procure with its own resources an amount of wheat equivalent to that exported over and above the amount agreed to be procured as usual marketings (i. e. 150,000 M. T.).

Paragraph 3 of the Agreement supplement (dated June 30, 1958)¹ which relates to a modification in the Agricultural Commodities Agreement entered into on November 7, 1957, as amended,² is hereby further amended by deleting the words "wheat and" wherever these words appear.

Feed Grains. The \$15.4 million (about 350,000 M. T.) has been agreed to under Title I, Public Law 480, on condition, as theretofore agreed upon, that Israel will import 20,000 M. T. during FY 1959 as usual marketings for dollars.

Vegetable Oil. The \$2.4 million (about 8,000 M. T.) has been agreed to under Title I, Public Law 480, on condition that Israel will import from the United States as usual marketings for dollars during FY 1959 an amount of oil seeds or oils having an oil equivalent of 8,000 tons.

Cotton. The \$990,000 (about 6,000 bales) has been agreed to under Title I, Public Law 480, on condition that Israel will import 10,000 bales during FY 1959 as usual marketings for dollars.

Tobacco. The \$0.2 million (about 120 metric tons) has been agreed to under Title I, Public Law 480, on condition that Israel will import \$150,000 worth of tobacco during FY 1959 as usual marketings for dollars.

2. *Currency Uses*

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

¹ United Nations, *Treaty Series*, Vol. 314, p. 362.

² United Nations, *Treaty Series*, Vol. 302, p. 255, and Vol. 303, p. 384.

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. The representatives of the two Governments agreed that in connection with agricultural market development activities in other countries the Government of Israel will provide the equivalent of \$200,000 worth of Israel pounds in European currencies or other currencies to be agreed upon, or facilities for the conversion thereof, for such purposes, including payment of international travel not necessarily originating or terminating in Israel. In this connection the United States representatives agreed that preference will be given, but not necessarily limited, to use of Israeli flag lines.

4. The Israeli representative requested clarification of the language of the first sentence of Article II, paragraph 3 of the present Agricultural Commodities Agreement, pointing out that the Israeli development budget was developed to include all priority projects which the Government of Israel hoped to be in a position to undertake in a given year, even though the costs far exceeded normally anticipated domestic revenues. The Government of Israel took into account extraordinary revenues from foreign sources for these projects. In the event that total income proved insufficient, the lowest priority projects would be postponed. The United States representative pointed out that the wording of the first sentence of Article II, paragraph 3 was not proposed to modify existing procedures, but rather was intended to assure that new, important projects heretofore not included in the development budget could be included in a supplementary budget and financed by local currencies generated from the present Agricultural Commodities Agreement, provided these are mutually recognized as being essential. On the basis of the foregoing explanation of the first sentence of Article II, paragraph 3, the Israeli representative expressed his satisfaction with that provision.

DONE in duplicate at Washington this sixth day of November, 1958.

Y. H.

W. R.