

No. 4867

**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). Signed at An-
kara, on 13 February 1959**

Official text: English.

Registered by the United States of America on 10 September 1959.

**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). Signé à Ankara, le 13 février 1959**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 10 septembre 1959.

No. 4867. 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 13 FEBRUARY 1959

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 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 Turkish lira of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Turkish lira 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 Turkey pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter 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 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 Turkey, for Turkish lira, of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated :

¹ Came into force on 13 February 1959, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (million)</i>
Rice	\$.7
Soybean and/or cottonseed oil	30.2
Beans5
Nonfat dry milk and anhydrous milk fat4
Ocean transportation (estimated)	2.9
	\$34.7

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 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) For United States expenditures under sub-sections (a), (b), (c), (f), (h), (i), (j), (k), (l), (m), (n), and (o) of Section 104 of the Act, or under any of such sub-sections, the Turkish lira equivalent of \$12.5 million, including the equivalent of not more than \$300,000 to provide assistance of the types provided for under Section 104 (j). Uses under sub-sections (k), (l), (m), (n), and (o) are subject to legislative action by the Congress of the United States.

(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 \$5.2 million, but not more than 25% 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 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 and markets for United States agricultural products.

- (b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of the Republic of Turkey, acting through the International Economic Cooperation Organization of the Turkish Ministry of Foreign Affairs (hereinafter referred to as the IECO). The Director of the IECO, 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.
- (c) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the IECO of the identity of the applicant, the nature 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 IECO 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 Turkey on comparable loans, and the maturities will be consistent with the purposes of the financing.
- (e) Within sixty days after the receipt of the notice that the Export-Import Bank is prepared to act favorably upon an application, the IECO will indicate to the Export-Import Bank whether or not the IECO has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the IECO, it shall be understood that the IECO has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the IECO.
- (f) In the event the Turkish lira set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this Agreement because the Export-Import Bank has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank and the IECO, 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 under Section 104 (g) of the Act, the Turkish lira equivalent of not more than \$17.0 million, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of the Republic of Turkey, as may be mutually agreed. It is understood that the loan will be denominated in United States dollars, with payment of principal and interest to be made in Turkish lira, at the applicable exchange rate as defined in the loan agreement, or, at the option of the Government of the Republic of Turkey, in United States dollars. The terms and conditions of the loan and other provisions will be set forth in a supplemental loan agreement between the two Governments. 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.

2. In the event the total of Turkish 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 \$34.7 million, the amount available for a loan to the Government of the Republic of Turkey under 104 (g) will be reduced by the amount of such difference; in the event the total Turkish lira deposit exceeds the equivalent of \$34.7 million, 49 per cent of the excess will be available for loans under Section 104 (g) and 51 per cent will 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

Turkish lira 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 authorization.

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 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 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 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 13th day of February, 1959.

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 Acting Minister of Foreign Affairs

AMERICAN EMBASSY
ANKARA, TURKEY

No. 1371

February 13, 1959

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Republic of Turkey signed today.¹

I wish to confirm my Government's understanding of the Agreement reached in conversations which have taken place between this Embassy and the Government of the Republic of Turkey with respect to the use of lira accruing under the subject Agreement for agricultural market development purposes by the Government of the United States of America under Section 104 (a) of the Agricultural Trade Development and Assistance Act, as amended :

It is understood that the Government of the Republic of Turkey agrees that up to \$100,000 worth of lira may be used for :

- (a) The procurement in Turkey of goods and services needed in connection with agricultural market development projects and activities in other countries; and
- (b) The payment for international travel, including connecting travel, for United States Department of Agriculture personnel engaged in market development projects or for other persons acting on behalf of the United States Department of Agriculture in connection with such projects; provided, however, that of the \$100,000 worth of lira mentioned above not more than \$25,000 worth of lira may be used for such international travel.

I shall appreciate receiving your Excellency's confirmation of the above understanding.

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

Fletcher WARREN

His Excellency Namik Gedik
Acting Minister of Foreign Affairs
for the Republic of Turkey

¹ See p. 236 of this volume.

II

The Turkish Secretary General of The Organization for International Economic Cooperation to the American Ambassador

TÜRKİYE CUMHURİYETİ
HARİCİYE VEKÂLETİ¹

310.159/ME-2/12

Ankara, February 13, 1959

Excellency :

I have the honor to acknowledge receipt of your letter No. 1371 dated February 13, 1959 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.

Hasan Esat IŞIK
Secretary General
The Organization for International
Economic Cooperation

His Excellency Mr. Fletcher Warren
Ambassador for the United States of America
Ankara

¹ Republic of Turkey.
Ministry of Foreign Affairs.