

No. 5241

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**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 7 January 1960**

*Official text: English.*

*Registered by the United States of America on 13 July 1960.*

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**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  
7 janvier 1960**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 13 juillet 1960.*

No. 5241. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
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 7 JANUARY  
1960

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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 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 (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 ISRAEL POUNDS

Subject to the availability of commodities for programming under this Act and to the issuance by the Government of the United States of America and acceptance by the Government of Israel of purchase authorizations, 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 :

<sup>1</sup> Came into force on 7 January 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (million)</i>
Wheat and/or wheat flour .....	11.2
Feed grains .....	9.9
Cottonseed and/or soybean oil.....	4.2
Cotton .....	.8
Rice .....	.6
Tobacco .....	.2
Ocean transportation .....	3.3
	TOTAL 30.2

Application for purchase authorizations will be made within 90 days after the effective date of this agreement. Purchase authorizations 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

1. 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 :

A. For United States expenditures under subsection (f) of Section 104 of the Act, the Israel pound equivalent of \$3.0 million.

B. For United States expenditures under subsections (a), (b), (d), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), and (r) of Section 104 of the Act or under any of such subsections, the Israel pound equivalent of \$3.0 million.

C. 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 \$6.0 million, but not more than 20 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 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 that 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 the 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 the 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 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.

D. For a grant to the Government of Israel under subsection (e) of Section 104 of the Act, the Israel pound equivalent of not more than \$4.2 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 upon, with emphasis on non self-liquidating projects particularly in health and education.

E. For a loan to the Government of Israel under subsection (g) of Section 104 of the Act, the Israel pound equivalent of not more than \$14.0 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. In the event that agreement is not reached on the use of the Israel pounds for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the Israel pounds for any purposes authorized by Section 104 of the Act.

2. 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 pound equivalent of \$30.2 million, the amount available for a loan to the Government of Israel under 104 (g) will be reduced by the amount of such difference; in the event the total Israel pound deposit exceeds the equivalent of \$30.2 million, 60 percent of the excess will be available for a loan under Section 104 (g), 20 percent for loans under Section 104 (e), and 20 percent for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

### *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 surplus agricultural commodities, pursuant to the 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 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

The 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 in duplicate this 7th day of January, 1960.

For the Government of the United States of America :  
G. Lewis JONES

For the Government of Israel :  
Avraham HARMAN

AGREED MINUTE BETWEEN THE NEGOTIATORS FOR THE UNITED STATES OF AMERICA AND THE NEGOTIATORS FOR ISRAEL RELATIVE TO THE AGRICULTURAL COMMODITIES AGREEMENT SIGNED JANUARY 7, 1960<sup>1</sup>

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

1. The Title I sale of surplus agricultural commodities under this Agreement is not intended to increase the availability of these or like commodities for export and is made on the condition that no exports of such commodities will be made from Israel during the period that such commodities are being imported and utilized, except as otherwise noted herein.

2. USUAL MARKETINGS

*Wheat.* The amount \$11.2 million (about 182,000 metric tons) has been agreed to under Title I, Public Law 480, on the condition that Israel will import from free world sources as usual marketings not less than the 150,000 metric tons of wheat and/or flour in wheat equivalent during United States fiscal year 1960 (hereinafter referred to as FY 1960), plus a usual marketing shortfall, which on June 30, 1959 was 37,800 metric tons, from free world sources. Further, it is understood that Israel's exports of wheat during FY 1960 will consist only of durum wheat and will be limited to no more than 15,000 metric tons. It is further 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 to be procured as usual marketings, (i.e., 187,800 metric tons).

*Feedgrains.* The \$9.9 million (about 200,000 metric tons) has been agreed to under Title I, Public Law 480, on the condition that Israel will import a minimum of 45,000 metric tons during FY 1960 as usual marketings from the United States, and on the further condition that Israel will limit its exports of eggs during calendar year 1960 (hereinafter referred to as CY 1960) to 250 million eggs. If Israel exports more than 250 million eggs during CY 1960, it will purchase from the United States additional feedgrains in an amount equivalent to the grain requirement for producing the additional eggs for export (i.e., for each one million eggs exported an additional 175 metric tons of feedgrains must be imported from the United States). However, total exports of eggs from Israel during CY 1960 will not exceed 300 million eggs. Further it is agreed that Israel may export up to \$600,000 worth of chickens (live, frozen and canned) and of dairy products during CY 1960, and that no export premiums (subsidies), heretofore applied, will be allowed on such exports of chickens and dairy products.

<sup>1</sup> See p. 182 of this volume.

*Vegetable Oils.* The amount \$4.2 million (about 15,000 metric tons) of cottonseed and/or soybean oil has been agreed to under Title I, Public Law 480, on the condition that Israel will import from the United States as usual marketings not less than 50,000 metric tons of soybeans during CY 1960. It is further agreed that Israel may export up to 10,000 metric tons of soybean oil provided additional purchases of soybeans from the United States (i.e., additional to the 50,000 metric tons usual marketings) are not less than 110,000 metric tons. If soybean oil exports are less than 10,000 metric tons, the purchase of soybeans above the usual marketing requirements may be reduced on a proportionate basis (i.e., if soybean oil exports should be only 5,000 metric tons, soybean purchases above usual marketing requirements may be reduced to 55,000 metric tons). It is further agreed that total vegetable oil and oilseed exports by Israel during CY 1960 will not exceed 13,000 metric tons in oil equivalent. It is also understood that Israel will limit its exports of oilseed meal and cake during CY 1960 to not more than 20,000 metric tons. It is also agreed that all exports of soybean oil and/or soybean meal and cake will be derived from only soybeans purchased with free dollars from the United States.

*Rice.* The amount of \$0.6 million (about 5,000 metric tons) has been agreed to under Title I, Public Law 480, on the condition that Israel will import 9,000 metric tons of rice during CY 1960 from free world sources.

*Tobacco.* The \$0.2 million (about 120 metric tons) has been agreed to under Title I, Public Law 480, on the condition that Israel will import from the United States \$150,000 worth of unmanufactured tobacco during FY 1960 as usual marketings for dollars, and on the further condition that the usual marketing shortfall will be also imported from the United States during FY 1960.

*Cotton.* The amount of \$0.8 million (about 6,000 bales) of cotton has been agreed to under Title I, Public Law 480, on the condition that Israel will import during FY 1960 from free world sources 17,000 bales (500-pound bales) as usual marketings, of which not less than 10,000 bales will be purchased from the United States, and on the further condition that Israel will refrain from any exports of raw cotton and that Israel's exports of cotton textiles and yarn will be limited to those manufactured from cotton not purchased under Title I, Public Law 480.

### 3. 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 increase production of (a) surplus food and feeds with the result of substantially increasing exports or (b) surplus agricultural commodities other than food and feeds. 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.

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 \$450,000 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.

The representatives of the two Governments further agree that in connection with educational exchange of persons programs between other countries and the United States, the Government of Israel will provide facilities for the conversion of up to \$100,000 worth of Israel pounds into currencies other than dollars and sterling or alternatively will not object to payment in Israel pounds for international travel not necessarily originating or terminating in Israel.

DONE at Washington in duplicate this 7th day of January, 1960.

For the Government of the United States of America :  
G. Lewis JONES

For the Government of Israel :  
Avraham HARMAN