

No. 5519

**UNITED STATES OF AMERICA
and
UNITED ARAB REPUBLIC**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Cairo,
on 1 August 1960**

Official text: English.

Registered by the United States of America on 6 January 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE ARABE UNIE**

**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 au Caire, le 1^{er} août 1960**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 6 janvier 1961.

No. 5519. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF THE
UNITED ARAB REPUBLIC UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND AS-
SISTANCE ACT, AS AMENDED. SIGNED AT CAIRO,
ON 1 AUGUST 1960

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

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

Considering that the Egyptian 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 the United Arab Republic (Southern Region) 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 EGYPTIAN POUNDS

1. Subject to the availability of commodities for programming under the Act and to issuance by the Government of the United States of America and acceptance by the Government of the United Arab Republic of purchase authorizations, the Government of the United States of America undertakes to finance the sales for Egyptian pounds to purchasers authorized by the Government of the United Arab Republic of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated :

¹ Came into force on 1 August 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (million)</i>
Wheat and wheat flour	\$51.8
Ocean transportation (estimated)	6.4
	<hr/>
	TOTAL \$58.2

2. Applications for purchase authorizations will be made within 90 calendar 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 Egyptian pounds accruing from such sale, and other relevant matters.

3. It is understood that the sale of wheat and wheat flour 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 the United Arab Republic during the period that the wheat and wheat flour are being imported and utilized.

Article II

USES OF EGYPTIAN POUNDS

1. The two Governments agree that the Egyptian 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 subsections (a), (b), (f), (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 Egyptian pound equivalent of \$11.7 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 the United Arab Republic incident thereto, the Egyptian pound equivalent of \$8.7 million but not more than 25 percent of the currencies received under the Agreement. It is understood that :

(1) 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 the United Arab Republic for business development and trade expansion in the United Arab Republic, and to United States firms and United Arab Republic 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.

- (2) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of the United Arab Republic, acting through the National Bank of Egypt. The Governor of the National Bank of Egypt, or his designate, will act for the Government of the United Arab Republic, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.
- (3) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the National Bank of Egypt 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.
- (4) When the Export-Import Bank is prepared to act favorably upon an application, it will so notify the National Bank of Egypt 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 the United Arab Republic on comparable loans, and the maturities will be consistent with the purposes of the financing.
- (5) Within sixty days after the receipt of the notice that the Export-Import Bank is prepared to act favorably upon an application, the National Bank of Egypt will indicate to the Export-Import Bank whether or not the National Bank of Egypt has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the National Bank of Egypt, it shall be understood that the National Bank of Egypt has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the National Bank of Egypt.
- (6) In the event the Egyptian 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 National Bank of Egypt, the Government of the United States of America may use the Egyptian pounds for any purpose authorized by Section 104 of the Act.

(C) For a loan to the Government of the United Arab Republic under Section 104 (g) of the Act, the Egyptian pound equivalent of not more than \$37.8 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of the United Arab Republic, as may be mutually agreed. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the Egyptian pounds for loan purposes within three years from the date of this Agreement, the Government of the

United States of America may use the Egyptian pounds for any purposes authorized by Section 104 of the Act.

2. In the event the total of Egyptian 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 \$58.2 million, the amount available for a loan to the Government of the United Arab Republic under Section 104 (g) will be reduced by the amount of such difference; in the event the total Egyptian pound deposit exceeds the equivalent of \$58.2 million, 65 percent of the excess will be available for a loan under Section 104 (g), 15 percent for loans under Section 104 (e) and 20 percent for any use or uses authorized by Section 104 of the Act as the Government of the United States of America may determine.

Article III

DEPOSIT OF EGYPTIAN POUNDS

The deposit of Egyptian pounds 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 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 the United Arab Republic 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 this Agreement will 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.

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 United Arab Republic 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 the arrival and condition 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 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 Cairo in duplicate this first day of August 1960.

For the Government of the United States of America :
G. Frederick REINHARDT

For the Government of the United Arab Republic :
KAISSOUNI

EXCHANGE OF NOTES

I

The Minister of Economy of the United Arab Republic to the American Ambassador

UNITED ARAB REPUBLIC
CENTRAL MINISTRY OF ECONOMY
Office of the Minister

August 1, 1960

Excellency :

With reference to Article I of the Agricultural Commodities Agreement signed today¹ between representatives of our two Governments under which the Government of the United States of America undertakes to finance the delivery to the United Arab Republic (Southern Region) of \$58.2 million of wheat and wheat flour, I have the honor to inform you of the following :

In expressing its agreement with the Government of the United States of America that the above-mentioned delivery of wheat and wheat flour should not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or impair trade relations among friendly nations, my Government agrees that in addition to the wheat and wheat flour provided by this Agreement, the United Arab Republic (Southern Region) will procure and import between July 1, 1960 and June 30, 1961, with its own resources, at least 440,000 metric tons of wheat and wheat flour in wheat equivalent. This quantity will include 140,000 metric tons of wheat or wheat flour in wheat equivalent chargeable to the usual marketing requirement of the July 29, 1959 Agricultural Commodities Agreement.²

It is further understood that the wheat and wheat flour included under this Agreement is provided by the Government of the United States of America on the basis of renewed assurances that the Government of the United Arab Republic will continue its announced intention not to increase the total area devoted to cotton production in the Southern Region of the United Arab Republic.

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

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

KAISSOUNI

His Excellency G. Frederick Reinhardt
Ambassador of the United States of America
Cairo

¹ See p. 190 of this volume.

² United Nations, *Treaty Series*, Vol. 357, p. 121, and Vol. 371, p. 390.

II

The American Ambassador to the Minister of Economy of the United Arab Republic

EMBASSY OF THE UNITED STATES OF AMERICA

Cairo, August 1, 1960

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note of August 1, 1960, which reads as follows :

[See note I]

I have the honor to confirm on behalf of the Government of the United States of America the understanding set forth in the foregoing note.

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

G. Frederick REINHARDT

His Excellency Abdel Moneim El-Kaissouni

Minister of Economy

of the United Arab Republic

Cairo

III

The American Ambassador to the Minister of Economy of the United Arab Republic

EMBASSY OF THE UNITED STATES OF AMERICA

Cairo, August 1, 1960

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United Arab Republic and the Government of the United States of America and to confirm my Government's understanding of the agreement reached in conversations which have taken place between representatives of this Embassy and the Government of the United Arab Republic with respect to the use by the Government of the United States of America of Egyptian pounds accruing under the subject Agreement as follows :

- (1) For purposes of Sections (104 (a) and 104 (h) of the Agricultural Trade Development and Assistance Act, as amended, the Government of the United Arab Republic will provide, upon request of the Government of the United States of America, facilities for the conversion into other non-dollar currencies of up to \$1,500,000 worth of Egyptian pounds. These facilities for conversion will be utilized in securing up to \$1,000,000 in funds to

finance agricultural market development activities in other countries and up to \$500,000 in funds to finance educational exchange programs in other countries.

- (2) The Government of the United States of America may utilize Egyptian pounds to pay for international travel originating in the United Arab Republic, or originating outside the United Arab Republic when involving travel to or through the United Arab Republic, including connecting travel, and air travel within the United States or other areas outside the United Arab Republic when it is part of a trip in which the traveler journeys from, to or through the United Arab Republic. It is understood that this travel is not limited to services provided by the United Arab Republic's airlines.

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

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

G. Frederick REINHARDT

His Excellency Abdel Moneim El-Kaissouni
Minister of Economy
of the United Arab Republic
Cairo

IV

The Minister of Economy of the United Arab Republic to the American Ambassador

UNITED ARAB REPUBLIC
CENTRAL MINISTRY OF ECONOMY
Office of the Minister

August 1, 1960

Excellency :

I have the honor to acknowledge the receipt of your Excellency's note of August 1, 1960, which reads as follows :

[See note III]

I have the honor to confirm on behalf of the Government of the United Arab Republic the understanding set forth in the foregoing note.

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

KAISSOUNI

H.E. G. Frederick Reinhardt
Ambassador of the United States of America
Cairo