

No. 5516

**UNITED STATES OF AMERICA
and
IRAN**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Tehran,
on 26 July 1960**

Official text of the Agreement: English.

Official texts of the notes: English and Persian.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
IRAN**

**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 Téhéran, le 26 juillet 1960**

Texte officiel de l'Accord: anglais.

Textes officiels des notes: anglais et persan.

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

No. 5516. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
IRAN UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT TEHRAN, ON 26 JULY 1960

The Government of the United States of America and the Government of Iran :

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

Considering that the Iranian rials 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 Iran 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 IRANIAN RIALS

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 Iran of purchase authorizations, the Government of the United States of America undertakes to finance the sale for Iranian rials to purchasers authorized by the Government of Iran of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated :

¹ Came into force on 26 July 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (millions)</i>
Wheat	\$3.075
Ocean transportation615
	<hr/>
TOTAL	\$3.690

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 Iranian rials accruing from such sale, and other relevant matters.

It is understood that the sale of wheat under this Agreement is not intended to increase the availability of this or like commodities for export and is made on the condition that no exports of such commodities will be made from Iran during the period that the wheat is being imported and utilized.

Article II

USES OF IRANIAN RIALS

The two Governments agree that the Iranian rials 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*), (*c*), (*d*), (*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 Iranian rial equivalent of \$1.29-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 Iran incident thereto, the Iranian rial equivalent of \$.74 million but not more than 25% 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 Iran for business development and trade expansion in Iran, and to United States firms and Iranian 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 Iran, acting through the Bank Melli. The Governor of the Bank Melli, or his designate, will act for the Government of Iran, 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 Bank Melli 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 Bank Melli 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 Iran 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 Bank Melli will indicate to the Export-Import Bank whether or not the Bank Melli has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Bank Melli it shall be understood that the Bank Melli has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Bank Melli.
 - (6) In the event the Iranian rials set aside for loans under Section 104 (e) of the Act are not advanced within 3 years from the dates 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 Bank Melli, the Government of the United States of America may use the Iranian rials for any purpose authorized by Section 104 of the Act.

c. For a loan to the Government of Iran under subsection (g) of Section 104 of the Act, the Iranian rial equivalent of not more than \$1.66-million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Iran, as may be mutually agreed. The terms and conditions of the loan will be set forth in separate agreements between the two Governments. In the event that agreement is not reached on the use of the Iranian rials for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the Iranian rials for any purposes authorized by Section 104 of the Act.

d. In the event the total of Iranian rials accruing to the Government of the United States of America as a consequence of sales made is less than the Iranian rials equivalent of \$3.69-million, the amount available for a loan pursuant to this Agreement to the Government of Iran under Section 104 (g) will be reduced by the amount of such difference; in the event the total Iranian rial deposit exceeds the equivalent of \$3.69-million 45% of the excess will be available for a loan

under Section 104 (g), 20% for loans under Section 104 (e), and 35% for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

Article III

DEPOSIT OF IRANIAN RIALS

The deposit of Iranian rials 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 Iran 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 Iran 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 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 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 Tehran in duplicate this twenty-sixth day of July, 1960.

For the Government
of the United States of America :
Edward T. WAILES

For the Government
of Iran :
Musa KHATATAN

EXCHANGE OF NOTES

I

The American Ambassador to the Iranian Minister of Customs and Monopolies
No. 502

Tehran, July 26, 1960

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 Iran 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 Iran with respect to the use of Iranian rials 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 Iran will provide facilities for the conversion of up to \$74,000 worth of Iranian rials into other currencies. These

¹ See p. 142 of this volume.

facilities for conversion are needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

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

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

Edward T. WAILES

His Excellency Musa Khatatan
Minister of Customs and Monopolies
Tehran

II

The Iranian Minister of Customs and Monopolies to the American Ambassador

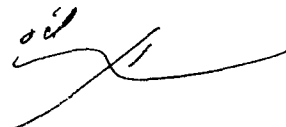
[PERSIAN TEXT — TEXTE PERSAN]

وزارت کمرکات و انحصارات

اداره کل دفتر وزارت
تاریخ ۱۳۹۵/۵/۶
شماره ۱۱۱۲۷
ضمیمه

سفارت کبرای امریکا — تهران

وزارت کمرکات و انحصارات با تجدید احترامات مفاد نامه شماره ۵۰۲ مسووخ
۲۶ ژوئیه ۱۹۶۰ ان سفارت کبری را دایره تبدیل نامیزان هم ایزریالی ۷۴۰۰۰ دلار
به ارزها عسایر کشورها تائید مینماید . وزیر کمرکات و انحصارات



[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF CUSTOMS AND MONOPOLIES

MAIN OFFICE

INTERDEPARTMENTAL BUREAU

No. 11127

Mordad 6, 1339

[July 28, 1960]

American Embassy
Tehran

The Ministry of Customs and Monopolies presents its compliments and confirms the contents of the Embassy's note No. 502 dated July 26, 1960, regarding the conversion of rials up to the equivalent of 74,000 dollars into the currencies of other countries.

Musa KHATATAN
Minister of Customs and Monopolies

III

The American Ambassador to the Iranian Minister of Customs and Monopolies

No. 503

Tehran, July 26, 1960

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of Iran and, with regard to the rials accruing to uses indicated under Article II of the Agreement, to state that the understanding of the Government of the United States of America is as follows :

With respect to both paragraphs *b* and *c* of Article II :

Local currency will be advanced or reimbursed to the Government of Iran for financing agreed projects under paragraphs *b* and *c* of Article II of the Agricultural Commodities Agreement upon the presentation of such documentation as the United States Operations Mission may specify.

The Government of Iran shall maintain or cause to be maintained books and records adequate to identify the goods and services financed for agreed projects pursuant to paragraphs *b* and *c* of Article II of the Agricultural Commodities Agreement, to disclose the use thereof in the projects and to record the progress of the projects (including the cost thereof). The books and records with respect to each project shall be maintained for the duration of the project, or until the expiration of three years after final disbursement for the project has

¹ Translation by the Government of the United States of America.² Traduction du Gouvernement des États-Unis d'Amérique.

been made by the USOM, whichever is later. The two Governments shall have the right at all reasonable times to examine such books and records and all other documents, correspondence, memoranda and other records involving transactions relating to agreed projects. The Government of Iran shall enable the USOM to observe and review agreed projects and the utilization of goods and services financed under the projects, and shall furnish to the USOM all such information as it shall reasonably request concerning the above-mentioned matters and the expenditures related thereto. The Government of Iran shall afford, or arrange to have afforded, all reasonable opportunity for authorized representatives of the Government of the United States to visit any part of the territory of Iran for purposes related to agreed projects. If USOM determines that any disbursement under paragraphs *b* and *c* of Article II of the Agricultural Commodities Agreement made by it for agreed projects is not supported by the documentation submitted by the Government of Iran, is not made in accordance with the terms of this agreement or any applicable agreement or arrangement between the Government of the United States and the Government of Iran, or is in violation of any applicable laws or regulations of the United States Government, the Government of Iran shall pay to the USOM as may be requested by it, an amount in local currency not to exceed the amount of such disbursement. Where any payment is made by the Government of Iran to the USOM pursuant to the preceding sentence on the basis of a disbursement which has been charged as an advance under the line of credit established by the loan agreement, the total amount charged as advances under the line of credit shall be reduced by the amount of such payment.

The USOM shall expend funds for agreed projects only in accordance with the applicable laws and regulations of the United States Government. The USOM may decline to make further disbursements for any agreed projects if it determines that further disbursements would not fulfil the purpose of paragraphs *b* or *c* of Article II of the Agricultural Commodities Agreement.

I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of Iran.

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

Edward T. WAILES

His Excellency Musa Khatatan
Minister of Customs and Monopolies
Tehran

IV

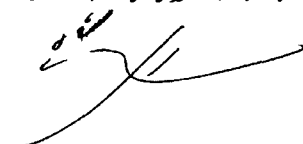
The Iranian Minister of Customs and Monopolies to the American Ambassador

[PERSIAN TEXT — TEXTE PERSAN]

وزارت گمرکات و انحصارات

لوحه كل دفتر وزارتى
تاريخ ۱۳۳۹، ۵، ۵
شماره ۱۱۱۴۵
ضمیمه

سفارت كبرای امریکا - تهران
وزارت گمرکات و انحصارات با تجدید احترامات مفاد نامه شماره ۵۰۳ مورخ
۲۶ تیر ۱۳۴۰ را تائید مینماید. وزیر گمرکات و انحصارات

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF CUSTOMS AND MONOPOLIES
MAIN OFFICE
INTERDEPARTMENTAL BUREAU

No. 11125

Mordad 6, 1339
[July 28, 1960]

American Embassy
Tehran

The Ministry of Customs and Monopolies presents its compliments and confirms the contents of note No. 503 dated July 26, 1960.

Musa KHATATAN
Minister of Customs and Monopolies

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.