

No. 6273

**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 10 February 1962**

Official text: English.

Registered by the United States of America on 2 August 1962.

**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 10 février 1962**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 2 août 1962.

No. 6273. 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
ASSISTANCE ACT, AS AMENDED. SIGNED AT CAIRO,
ON 10 FEBRUARY 1962

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 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 agricultural commodities to the United Arab Republic 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 follow :

Article I

SALES FOR EGYPTIAN POUNDS

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

¹ Came into force on 10 February 1962, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat and/or wheat flour	\$12.4
Cottonseed and/or soybean oil	17.5
Ocean transportation (estimated)	2.3
	TOTAL \$32.2

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this Agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this Agreement will be made within 90 days after the effective date of such amendment. 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. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this Agreement.

4. The financing, sale and delivery of commodities under this Agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

Article II

USES OF EGYPTIAN POUNDS

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) and (h) through (s) of Section 104 of the Act, or under any of such subsections, twenty percent of the Egyptian pounds accruing pursuant to this Agreement.
- B. For loans to be made by the Agency for International Development of Washington under Section 104 (e) of the Act and for administrative expenses of the Agency for International Development of Washington in the United Arab Republic incident thereto, ten percent of the pounds accruing pursuant to this 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

Egyptian 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 Agency for International Development 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 Administrator of the Agency for International Development of Washington, or his designate, will act for the Agency for International Development.
- (3) Upon receipt of an application which the Agency for International Development is prepared to consider, the Agency for International Development 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 Agency for International Development 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 Agency for International Development is prepared to act favorably upon an application, the National Bank of Egypt will indicate to the Agency for International Development whether or not the National Bank of Egypt has any objection to the proposed loan. Unless within the sixty-day period the Agency for International Development 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 Agency for International Development 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 Agency for International Development of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Agency for International Development of Washington and the National Bank of Egypt, the Government of the United States of America may use the 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 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, seventy percent of the Egyptian pounds accruing pursuant to this Agreement. 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 pounds for any purposes authorized by Section 104 of the Act.

Article III

DEPOSIT OF EGYPTIAN POUNDS

1. The amount of Egyptian pounds to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into Egyptian pounds as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States of America, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of the United Arab Republic, or
- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of the United Arab Republic.

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of Egyptian pounds which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the United Arab Republic 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 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 will take reasonable precautions to assure that sales or purchases of 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 will 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 tenth day of February, 1962.

For the Government of the United States of America :
John S. BADEAU

For the Government of the United Arab Republic :
A. KAISSOUNI

EXCHANGE OF NOTES

I

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

EMBASSY OF THE UNITED STATES OF AMERICA

Cairo, February 10, 1962

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today¹ by representatives of our two Governments, under which the United States of America undertakes to finance the delivery to the United Arab Republic of \$32.2 million worth of vegetable oil and wheat and/or wheat flour and to inform you of my Government's understanding of the following :

(1) In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, the United Arab Republic agrees that during the United States fiscal year ending June 30, 1962, it will procure and import with its own resources from free world sources at least 10,000 metric tons of vegetable oil and/or oilseeds in oil equivalent in addition to the approximately 50,000 metric tons of cottonseed and/or soybean oil to be imported under the terms of the cited Agreement.

(2) It is 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 United Arab Republic. It is further understood that the sale of the wheat and wheat flour is subject to the usual marketing requirement established in the Agricultural Commodities Agreement of September 2, 1961.²

(3) 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 the following amounts of Egyptian pounds : For subsection 104 (a) purposes, two percent of the Egyptian pounds accruing under the subject Agreement; for subsection 104 (h) purposes, up to \$500,000 worth of Egyptian pounds. Currencies obtained through these provisions will be utilized, in the case of subsection 104 (a), to finance agricultural market development activities in other

¹ See p. 108 of this volume.

² United Nations, *Treaty Series*, Vol. 421, p. 251; Vol. 424, p. 394, and Vol. 433, p. 406.

countries and, in the case of subsection 104 (h), to finance educational exchange programs in other countries.

(4) 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 these funds are intended to cover only travel by persons engaged in activities financed under Section 104 of the Agricultural Trade Development and Assistance Act, as amended. It is further understood that this travel is not limited to services provided by the United Arab Republic's airlines.

(5) With reference to Article III, paragraph (1), concerning the exchange rate applicable to the deposit of Egyptian pounds equivalent to the dollar sales value of commodities to be purchased under this Agreement and to ocean transportation costs financed by the Government of the United States of America, it is the understanding of the Government of the United States of America that, under the current Egyptian exchange system, the amount of Egyptian pounds to be deposited against dollar disbursement by the Government of the United States of America shall be computed at the commercial banks' selling rate plus a premium of 20 percent, yielding an effective rate of 0.4229124 Egyptian pounds to one dollar.

(6) In the event that the exchange system of the United Arab Republic is changed to establish a unitary rate for all foreign exchange transactions, deposits of Egyptian pounds against dollar disbursements which take place on or after the effective date of such change shall be made at the exchange rate specified in Article III (1) (a) of the Agreement. It is further understood that if there should be any other change in the exchange system of the United Arab Republic, the amount of Egyptian pounds to be deposited under this Agreement shall be mutually agreed as provided in Article III (1) (b) of the Agreement.

I shall appreciate receiving your confirmation of the above understanding.

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

John S. BADEAU

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

II

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

UNITED ARAB REPUBLIC
MINISTRY OF ECONOMY
Office of the Minister

February, 10, 1962

Excellency :

I have the honor to acknowledge the receipt of your Excellency's note of February 10, 1962, which reads as follows :

[See note I]

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.

A. KAISSOUNI

His Excellency John S. Badeau
Ambassador of the United States of America
Cairo
