

No. 6270

**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 29 January 1962**

**Exchange of notes constituting an agreement amending the
above-mentioned Agreement. Tehran, 17 and 20 Feb-
ruary 1962**

Official text: English.

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

**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 29 janvier 1962**

**Échange de notes constituant un avenant à l'Accord sus-
mentionné. Téhéran, 17 et 20 février 1962**

Texte officiel anglais.

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

No. 6270. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE IMPERIAL GOVERN-
MENT OF IRAN UNDER TITLE I OF THE AGRICUL-
TURAL TRADE DEVELOPMENT AND ASSISTANCE
ACT, AS AMENDED. SIGNED AT TEHRAN, ON 29 JAN-
UARY 1962

The Government of the United States of America and the Imperial Govern-
ment 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 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 Iranian rials of agricultural commodities
produced in the United States of America will assist in achieving such an ex-
pansion of trade;

Considering that the 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 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

1. Subject to issuance by the Government of the United States of America
and acceptance by the Imperial Government of Iran 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 the sales
for Iranian rials, to purchasers authorized by the Imperial Government of Iran,
of the following agricultural commodities in the amounts indicated :

¹ Came into force on 29 January 1962, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat and/or wheat flour in grain equivalent	\$6.4
Ocean transportation	1.1
	<hr/>
TOTAL	\$7.5

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 authorization will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rials 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 IRANIAN RIALS

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) and (h) through (s) of Section 104 of the Act, or under any of such subsections, twenty-five per cent of the rials accruing pursuant to this Agreement.
- 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, five per cent of the rials 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 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 Imperial Government of Iran, acting through the Bank Markazi. The Governor of the Bank Markazi, or his designate, will act for the Imperial 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 Markazi of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, and the general purposes of 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 Markazi 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 Markazi will indicate to the Export-Import Bank whether or not the Bank Markazi has any objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Bank Markazi.
 - (6) In the event the Iranian rials 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 Bank Markazi, the Government of the United States of America may use the rials for any purpose authorized by Section 104 of the Act.
- C. For a loan to the Imperial Government of Iran 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 Iran, as may be mutually agreed, seventy per cent of the Iranian rials 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 rials for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the rials for any purposes authorized by Section 104 of the Act.

Article III

DEPOSIT OF IRANIAN RIALS

1. The amount of Iranian rials 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 rials, as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Imperial Government of Iran, 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 Imperial Government of Iran.

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 Iranian rials 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 Imperial Government of Iran 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 all 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 Iran 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 conditions 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 Tehran in duplicate this twenty-ninth day of January, 1962.

For the Government
of the United States of America :
J. C. HOLMES

For the Imperial
Government of Iran :
Dr. AMINI

EXCHANGE OF NOTES

I

The American Ambassador to the Iranian Minister of Foreign Affairs

No. 337

Tehran, January 29, 1962

Excellency :

I refer to the Agricultural Commodities Agreement signed today¹ between the Government of the United States of America and the Imperial Government

¹ See p. 54 of this volume.

of Iran and, with regard to the rials accruing to uses indicated under Article II of the Agreement, state that the understanding of the Government of the United States of America is as follows :

With respect to paragraph C of Article II : Local currency will be advanced or reimbursed to the Imperial Government of Iran for financing agreed projects under paragraph C of Article II of the Agricultural Commodities Agreement upon the presentation of such documentation as the US AID¹ may specify.

The Imperial 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 paragraph 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 been made by the US AID, 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 Imperial Government of Iran shall enable the US AID to observe and review agreed projects and the utilization of goods and services financed under the projects, and shall furnish to the US AID all such information as it shall reasonably request concerning the above-mentioned matters and the expenditures related thereto. The Imperial 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 the US AID determines that any disbursement under paragraph C of Article II of the Agricultural Commodities Agreement made by it for agreed projects is not supported by the documentation submitted by the Imperial Government of Iran, or is in violation of any applicable laws or regulations of the United States Government, the Imperial Government of Iran shall pay to the US AID 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 Imperial Government of Iran to the US AID 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 US AID shall expend funds for agreed projects only in accordance with the applicable laws and regulations of the United States Government. The US AID may decline to make further disbursements for any agreed projects if it determines that further disbursements would not fulfill the purpose of paragraph C of Article II of the Agricultural Commodities Agreement.

¹ United States Agency for International Development.

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

Julius C. HOLMES

His Excellency Hosein Qods-Nakhai
Minister of Foreign Affairs
Tehran

II

The American Ambassador to the Iranian Minister of Foreign Affairs

No. 339

Tehran, January 29, 1962

Excellency :

With reference to the Agricultural Commodities Agreement between our two Governments signed today under which the Government of the United States of America undertakes to finance the delivery to Iran of wheat and/or wheat flour, I have the honor to inform you of the following :

(1) It is understood that 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, displace usual marketings of the United States of America in these commodities, or impair trade relations among friendly nations, your Government agrees that during the period ending June 30, 1962, it will procure and import from the United States and from countries friendly to the United States at least 55,000 metric tons of wheat and/or wheat flour in grain equivalent in addition to approximately 100,000 metric tons of wheat and/or wheat flour to be imported under terms of the cited Agreement.

(2) With regard to the conversion of Iranian rials into other currencies and to certain other matters relating to the use by the Government of the United States of America of Iranian rials accruing under the subject Agreement it is understood that :

(a) Upon request of the Government of the United States of America, the Government of Iran will provide facilities for conversion of two per cent of the Iranian rials accruing from sales under this Agreement into other currencies for purposes of Section 104 (a) of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), and of the Iranian rial equivalent of \$200,000 for purposes of Section 104 (h) of the Act. These currencies will be used in the case of Section 104 (a) to finance agricultural market development activities in other countries as in the case of Section 104 (h) to finance educational exchange activities in other countries.

- (b) The Government of the United States may utilize Iranian rials in Iran to pay for international travel originating in Iran, or originating outside Iran when involving travel to or through Iran, including connecting travel, and for air travel within the United States or other areas outside Iran when it is part of a trip in which the traveler journeys from, to or through Iran. It is understood that these funds are intended to cover only travel by persons engaged in activities financed under Section 104 of the Act. It is further understood that this travel is not limited to services provided by Iranian airlines.

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

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

Julius C. HOLMES

His Excellency Hosein Qods-Nakhai
Minister of Foreign Affairs
Tehran

III

The Iranian Minister of Foreign Affairs to the American Ambassador

MINISTÈRE IMPÉRIAL DES AFFAIRES ÉTRANGÈRES¹

No. 6296

February 8, 1962

Excellency,

I acknowledge with thanks receipt of your side-letters of January 1962 attached to the Agreement for the purchase of 100,000 tons of wheat under Public Law 480 Title I, signed on January 29, 1962 between His Excellency the Prime Minister and Your Excellency.

I hereby confirm our understanding of the points indicated therein and will consider the same as part of the Iranian Government obligation in regard to the implementation of the above-mentioned agreement.

Please be assured of my highest consideration.

Hossein Ghods NAKHAI
Minister for Foreign Affairs

His Excellency Mr. Julius Holmes
Ambassador of the United States of America
Tehran

¹ Imperial Ministry of Foreign Affairs.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
IRAN AMENDING THE AGRICULTURAL COM-
MODITIES AGREEMENT OF 29 JANUARY 1962.²
TEHRAN, 17 AND 20 FEBRUARY 1962

I

The American Ambassador to the Iranian Minister of Foreign Affairs

No. 380

Tehran, February 17, 1962

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement of January 29, 1962,² between our two Governments, and to propose that the Agreement be amended as follows :

In paragraph 1 Article I, add the commodity " cottonseed and/or soybean oil " in the value of " dollars 1.4 million " and increase the total value of the Agreement to " dollars 9.0 million. "

Add the following sentence at the end of paragraph 1 of my note number 339 and your reply thereto, relating to the Agreement of January 29, 1962 :

" It further agrees that during the U.S. fiscal year ending June 30, 1962, it will import from the United States and countries friendly to it at least 10,000 metric tons of vegetable oil in addition to oil to be imported under the terms of the subject Agreement. "

I have the honor to propose that this note and Your Excellency's reply concurring therein shall constitute an Agreement between our two Governments to enter into force on the date of Your Excellency's reply.

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

Julius C. HOLMES

His Excellency Hosein Qods-Nakhai
Minister of Foreign Affairs
Tehran

¹ Came into force on 20 February 1962 by the exchange of the said notes.

² See p. 54 of this volume.

II

*The Iranian Minister of Foreign Affairs to the American Ambassador*MINISTÈRE IMPÉRIAL DES AFFAIRES ÉTRANGÈRES¹

No. 6644

Tehran, February 20, 1962

Excellency :

With reference to your letter No. 380 of February 17, 1962 in connection with the Agreement of January 29, 1962, concluded between the Imperial Government of Iran and the Government of the United States of America, I have the honor to convey to Your Excellency the Imperial Government's accord to the amendments proposed in the above-mentioned letter.

With the renewed assurances of my highest esteem.

H. Ghods NAKHAI

His Excellency Julius C. Holmes
Ambassador of the United States of America
Tehran

¹ Imperial Ministry of Foreign Affairs.