

No. 6638

---

**UNITED STATES OF AMERICA  
and  
ISRAEL**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act, as  
amended (with Memorandum of Understanding).  
Signed at Washington, on 6 December 1962**

*Official text: English.*

*Registered by the United States of America on 18 April 1963.*

---

**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 mémorandum d'accord). Signé à Washington,  
6 décembre 1962**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 18 avril 1963.*

No. 6638. 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 6 DECEMBER 1962

---

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 of America in these commodities  
or unduly disrupt world prices of agricultural commodities or normal patterns of com-  
mercial trade with friendly countries ;

Considering that the purchase for Israel pounds of 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 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 collec-  
tively in furthering the expansion of trade in such commodities ;

Have agreed as follows :

*Article I*

SALES FOR ISRAEL POUNDS

1. Subject to issuance by the Government of the United States of America and  
acceptance by the Government of Israel of purchase authorizations and to the avail-  
ability of commodities under the Act at the time of exportation, the Government of  
the United States of America undertakes to finance the sales for Israel pounds, to

---

<sup>1</sup> Came into force on 6 December 1962, upon signature, in accordance with article VI.

purchasers authorized by the Government of Israel, of the following agricultural commodities in the amounts indicated :

| <i>Commodity</i>                           | <i>Export Market Value<br/>(millions)</i> |
|--|---|
| Wheat . . . . .                            | \$35.4                                    |
| Feedgrains . . . . .                       | 13.4                                      |
| Cottonseed and/or soybean oil . . . . .    | 11.1                                      |
| Rice . . . . .                             | .6  |
| Nonfat dry milk . . . . .                  | 1.2                                       |
| Tobacco . . . . .                          | .4  |
| Ocean transportation (Estimated) . . . . . | 6.7                                       |
| TOTAL                                      | \$68.8                                    |

2. Applications for purchase authorizations for \$11.8 million of wheat, \$6.7 million of feedgrains, \$3.7 million of cottonseed and/or soybean oil, \$.3 million of rice, \$.6 million of nonfat dry milk and \$.2 million of tobacco, and certain ocean transportation, will be made within 90 days after the effective date of this Agreement.

3. The amounts for calendar years 1964 and 1965 will be determined on the basis of an annual review to be made by the two Governments prior to the beginning of each calendar year. The review shall take into account the United States stock position in each commodity, changes in Israel's production, consumption, and reserves, imports from the United States and countries friendly to the United States, storage facilities, and other related matters.

4. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstance of deposit of the Israel pounds accruing from such sale, and other relevant matters.

5. 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 ISRAEL POUNDS

The Israel pounds accruing to the Government of the United States of America as a consequence of sales 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), (d), (f), and (h) through (s) of Section 104 of the Act, or under any of such subsections, 15 percent of the Israel pounds accruing pursuant to this Agreement.

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as "AID") under subsection 104 (e) of the Act and for administrative expenses of AID in Israel incident thereto, 15 percent of the Israel pounds accruing pursuant to this Agreement. It is understood that :

- (1) Such loans under subsection 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 and Israel firms for the establishment of facilities for aiding in the utilization and distribution of United States agricultural products or for otherwise increasing the consumption of and markets for such products.
- (2) Loans will be mutually agreeable to AID 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 Administrator of AID, or his designate, will act for AID.
- (3) Upon receipt of an application which AID is prepared to consider, AID 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.
- (4) When AID 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.
- (5) Within sixty days after the receipt of notice that AID is prepared to act favorably upon an application, the Ministry of Finance will indicate to AID whether or not the Ministry of Finance has any objection to the proposed loan. Unless within the sixty-day period AID 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 AID approves or declines the proposed loan, it will notify the Ministry of Finance.
- (6) In the event the Israel pounds set aside for loans under subsection 104 (e) of the Act are not advanced within five years from the date of this Agreement because AID has not approved loans or because proposed loans have not been mutually agreeable to AID 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.

C. For a grant to the Government of Israel under subsection 104 (e) of the Act, twenty percent of the Israel pounds accruing pursuant to this Agreement for financing

such projects to promote balanced economic development as may from time to time be mutually agreed.

D. For a loan to the Government of Israel under subsection 104 (g) of the Act 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, fifty percent of the Israel 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 Israel pounds for loan purposes within five 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 ISRAEL POUNDS

1. The amount of Israel 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 Israel 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, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Israel, 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 Israel.

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 Israel pounds which may be due or become due under this Agreement more than four 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 Israel 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 Gov-

ernment 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 Israel 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 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

This 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 sixth day of December 1962.

For the Government of the United States of America :

Phillips TALBOT

For the Government of Israel :

Avraham HARMAN

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ISRAEL RELATIVE TO THE AGRICULTURAL COMMODITIES AGREEMENT DATED DECEMBER 6, 1962<sup>1</sup>

The Government of the United States of America and the Government of Israel have agreed as follows :

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 and Special Conditions

*Wheat*—The amount of \$11.8 million (about 180,000 metric tons) of wheat will be furnished under Title I, Public Law 480, during each of the calendar years 1963, 1964 and 1965, on the condition that Israel will import from free world sources as usual marketings not less than 125,000 metric tons of wheat and/or wheat flour in grain equivalent during each of those years, plus any usual marketing shortfall which may exist on December 31, 1962.

Further, it is understood that Israel's exports of wheat during calendar years 1963, 1964 and 1965 will consist only of durum wheat and will be limited to no more than 15,000 metric tons during each of those years, and 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.

*Vegetable oils*—The amount of \$3.7 million (about 15,000 metric tons) of cottonseed and/or soybean oil will be furnished under Title I, Public Law 480, during each of the calendar years 1963, 1964 and 1965 on the condition that Israel will import from the United States during each of those calendar years as basic usual marketings not less than 17,000 metric tons of cottonseed and/or soybean oil or the soybean equivalent of this quantity of oil (100,000 metric tons) based upon an oil extraction rate of 17 percent. Israel may export up to 25,000 metric tons of all types of oil during each of those calendar years, provided that for each ton of cottonseed and/or soybean oil exported the Government of Israel will purchase from the United States an equivalent amount of soybeans calculated on an oil extraction rate of 17 percent in addition to the usual marketings. If, for example, Israel's exports of soybean and/or cottonseed oil should be 10,000 metric tons during calendar year 1963, soybean purchases above the basic usual marketing requirement would be 59,000 metric tons.

The import requirement for soybeans does not apply to Israel's exports of oils other than cottonseed and/or soybean oil.

<sup>1</sup> See p. 152 of this volume.

*Nonfat dry milk*—The amount of \$0.6 (about 4,000 metric tons) of nonfat dry milk will be furnished under Title I, Public Law 480, during calendar year 1963 and again during calendar year 1964 on the condition that Israel will not export dairy products derived from cow's milk while it is importing and utilizing Title I nonfat dry milk. Utilization will be considered completed six months after the last Title I shipment is received in Israel.

*Rice*—The amount of \$0.3 million (about 2,000 metric tons) of rice will be furnished under Title I, Public Law 480, during each of calendar years 1963 and 1964 on the condition that Israel will import from free world sources as usual marketings not less than 9,000 metric tons during each of these years.

*Tobacco*—The amount of \$0.2 million (about 120 metric tons) of leaf tobacco will be furnished under Title I, Public Law 480, during calendar year 1963 and again during calendar year 1964 on the condition that Israel will import from free world sources, including the United States of America, as usual marketings not less than 630 metric tons during each of those years.

*Feedgrains*—The amount of \$6.7 million (about 140,000 metric tons) of feedgrains will be furnished under Title I, Public Law 480, during each of calendar years 1963 and 1964.

### 3. Currency Uses

With regard to the conversion of Israel pounds into other currencies and to certain other matters relating to the use of such dollars accruing under the subject Agreement by the Government of the United States of America :

- (a) The Government of Israel will provide facilities for the conversion into other non-dollar currencies of the following amounts of Israel pounds : for purposes of subsection 104 (a) of the Act, two percent of the Israel pounds accruing from sales proceeds under this agreement and two percent of the interest and principal repayments under loans made pursuant to this agreement ; for purposes of subsection 104 (h) of the Act, \$1,300,000 worth of Israel pounds accruing from sales proceeds under this agreement.
- (b) The Government of the United States may utilize Israel pounds in Israel to pay for international travel originating in Israel or originating outside Israel when the travel (including connecting travel) is to or through Israel, and for travel within the United States of America or other areas outside Israel when the travel is part of a trip in which the traveler travels from, to or through Israel. It is understood that these funds are intended to cover only travel by persons who are traveling on official business for the Government of the United States of America or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which Israel pounds may be utilized shall not be limited to services provided by Israeli transportation facilities.



It is further agreed that prior to the introduction of sales of United States-owned local currency under subsection 104 (s), the Government of the United States will consult with the Government of Israel regarding appropriate procedures and circumstances under which such sales will be undertaken.

For the Government of the United States of America :

Phillips TALBOT

For the Government of Israel :

Avraham HARMAN