

No. 6670

**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 Wash-
ington, on 8 October 1962**

Official text: English.

Registered by the United States of America on 24 April 1963.

**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 à Washington, le 8 octobre 1962**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 24 avril 1963.

No. 6670. 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 WASH-
INGTON, ON 8 OCTOBER 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 follows :

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 author-

¹ Came into force on 8 October 1962, upon signature, in accordance with article VI.

izations 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 Egyptian pounds, to purchasers authorized by the Government of the United Arab Republic, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat and/or wheat flour	\$275.8
Corn	24.0
Cottonseed and/or soybean oil	22.9
Inedible tallow	12.7
Nonfat dry milk3
Frozen poultry	1.5
Ocean transportation (estimated)	52.8
	TOTAL \$390.0

2. Applications for purchase authorizations for \$68.1 million of wheat, \$4.8 million of corn, \$7.1 million of cottonseed and/or soybean oil, \$3.4 million of tallow, \$0.1 million of nonfat dry milk and \$0.4 million of frozen poultry, and for certain ocean transportation, will be made within 90 days after the effective date of this Agreement.

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

4. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of Egyptian 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 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, ten percent of the Egyptian 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 Section 104 (e) of the Act and for administrative expenses of AID in the United Arab Republic incident thereto, five percent of the Egyptian 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 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 AID and the Government of the United Arab Republic, acting through the National Bank of Egypt (hereinafter referred to as the Bank). The Governor of the Bank, or his designate, will act for the Government of the United Arab Republic, 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 Bank 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 Bank 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 notice that AID is prepared to act favorably upon an application, the Bank will indicate to AID whether or not it has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from the Bank, it shall be understood that the Bank has no objection to the proposed loan. When AID approves or declines the proposed loan, it will notify the Bank.
- (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 AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the Bank, 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 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, eighty-five 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, 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 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 8th day of October 1962.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA :

Phillips TALBOT
Assistant Secretary of State

FOR THE GOVERNMENT OF THE UNITED ARAB REPUBLIC :

A. KAISSOUNI
Minister of Treasury and Planning

EXCHANGE OF NOTES

I

The Secretary of State to the Ambassador of the United Arab Republic

DEPARTMENT OF STATE
WASHINGTON

October 8, 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 \$390 million worth of agricultural commodities, 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 it will procure and import with its own resources the following agricultural commodities in addition to those to be purchased under the terms of the cited Agreement :

- (a) From the United States and countries friendly to it at least 150,000, 250,000 and 300,000 metric tons of wheat and/or wheat flour in grain equivalent respectively during each of the United States fiscal years 1963, 1964 and 1965.
- (b) From the United States and countries friendly to it at least 25,000, 30,000 and 35,000 metric tons of feed-grains respectively during each of the United States fiscal years 1963, 1964 and 1965.
- (c) From the United States and countries friendly to it at least 10,000, 12,500 and 15,000 metric tons of vegetable oil and/or oilseeds in oil equivalent respectively during each of the United States fiscal years 1963, 1964 and 1965.
- (d) From the United States and countries friendly to it at least 600 metric tons of dried milk during each of United States fiscal years 1963, 1964 and 1965.
- (e) From the United States at least 20,000, 22,500 and 25,000 metric tons of tallow respectively during each of the United States fiscal years 1963, 1964 and 1965.

(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. Further, the Government of the United Arab Republic assures the Govern-

¹ See p. 40 of this volume.

ment of the United States of America that imports of wheat and wheat flour under this Agreement will not increase the availability of rice for export by the United Arab Republic. It is accordingly agreed that, based on an assumed milled rice production totaling 1.3 million metric tons in the current year, rice exports in the twelve months beginning November 1, 1962, will not exceed 400,000 metric tons. Exports of rice in excess of 400,000 metric tons would be effected during this period only to the extent that final agreed production figures for milled rice exceed 1.3 million metric tons. Levels for rice exports for the second and third years of the Agreement will be considered during the annual reviews.

(3) For purposes of Section 104 (a) and 104 (h) of the Act, 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 104 (a) purposes, two percent of the Egyptian pounds accruing under the Agreement ; for 104 (h) purposes and for the purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to a total of \$7.5 million worth of Egyptian pounds, including up to \$1.5 million in fiscal year 1963, up to \$2.0 million in fiscal year 1964, up to \$2.0 million in fiscal year 1965, and up to \$2.0 million in fiscal year 1966. Currencies obtained through these provisions will be utilized in the case of Section 104 (a) to finance agricultural market development activities in other countries and in the case of 104 (h) to finance educational exchange programs and activities 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 Act. It is further understood that this travel is not limited to services provided by the United Arab Republic airlines.

I shall appreciate your confirmation that the foregoing also represents the understanding of the Government of the United Arab Republic.

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

For the Secretary of State :

Phillips TALBOT

His Excellency Dr. Mostafa Kamel
Ambassador of the United Arab Republic

II

The Ambassador of the United Arab Republic to the Secretary of State

EMBASSY OF THE UNITED ARAB REPUBLIC
WASHINGTON, D.C.

October 8, 1962

Mr. Secretary :

I have the honor to acknowledge the receipt of your note of October 8, which reads as follows :

[See note I]

I have the honor to inform you that the terms of the foregoing note are acceptable to the Government of the United Arab Republic and that the Government of the United Arab Republic considers your note and the present reply as constituting an agreement between our two governments on this subject, the agreement to enter into force on today's date.

Please accept, Mr. Secretary, the renewed assurances of my highest consideration.

Ambassador :

Mostafa KAMEL

The Honorable Dean Rusk
Secretary of State