

No. 7671

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 dated 18 Novem-
ber 1963 and 11 June 1964). Signed at Tehran, on
17 November 1963**

Official text of Agreement: English.

Official texts of the notes: English and Persian.

Registered by the United States of America on 6 April 1965.

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 en date des 18 novembre 1963 et
11 juin 1964). Signé à Téhéran, le 17 novembre 1963**

Texte officiel de l'Accord: anglais.

Textes officiels des notes: anglais et persan.

Enregistré par les États-Unis d'Amérique le 6 avril 1965.

No. 7671. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE IMPERIAL GOVERNMENT OF
IRAN UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT TEHRAN, ON 17 NOVEMBER 1963

The Government of the United States of America and the Imperial 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 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 surplus agricultural commodities produced in the United States 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 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 17 November 1963, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat and/or wheat flour in grain equivalent	\$5.0
Ocean transportation (estimated)	1.2
	TOTAL \$6.2

2. Applications for purchase authorizations will be made within 90 days after 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 Iranian rials accruing from such sale, and other relevant matters.

3. 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 sub-sections (a), (b), (d), (f) and (h) through (s) of Section 104 of the Act, or under any of such sub-sections, 30 percent of the Iranian rials 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 Iran incident thereto, 5 percent of the Iranian 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 AID and the Imperial Government of Iran, acting through the Bank Markazi Iran. The Governor of the Bank Markazi,

- or his designate, will act for the Government of Iran, 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 Markazi 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 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 AID is prepared to act favorably upon an application, the Bank Markazi will indicate to AID whether or not the Bank Markazi has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from the Bank Markazi, it shall be understood that the Bank Markazi has no objection to the proposed loan. When AID 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 AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the Bank Markazi, 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 loans to the Imperial Government of Iran under Section 104 (g) of the Act for financing such projects to promote economic development and land reform, including projects not heretofore included in plans of the Imperial Government of Iran, as may be mutually agreed, 65 percent of the Iranian rials accruing pursuant to this Agreement. The terms and conditions of the loans 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 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 rials for any purpose 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 Iranian 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 exist, 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 any 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 of the agricultural commodities purchased pursuant to this Agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America) ; to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities purchased pursuant to this Agreement during the period beginning on the date of this Agreement and ending with the final date on which such commodities are received and utilized (except where such export is specifically approved by the Government of the United States of America) ; and to ensure that the purchase of commodities pursuant to this Agreement does not result in increased availability of the same 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 Imperial 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 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 Tehran in duplicate this Seventeenth day of November, 1963.

For the Government
of the United States of America :

J. C. HOLMES

For the Imperial Government
of Iran :

A. ALAM

EXCHANGE OF NOTES

I (a)

The American Chargé d'Affaires ad interim to the Iranian Minister of Foreign Affairs

Tehran, November 18, 1963

No. 293

Excellency :

I refer to the Agricultural Commodities Agreement signed on November 17, 1963¹ between the Government of the United States of America and the Imperial Government of Iran, and with regard to the rials accruing to uses indicated under

¹ See p. 42 of this volume.

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 AID Mission 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.

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

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

Stuart W. ROCKWELL
Chargé d'Affaires ad interim

His Excellency Abbas Aram
Minister of Foreign Affairs
Tehran

I (b)

Tehran, November 18, 1963

No. 294

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Imperial Government of Iran signed on November 17, 1963 and to confirm my Government's understanding of agreement reached in conversations which have taken place between representatives of our two Governments with respect to 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, the Imperial Government of Iran agrees that during the period ending June 30, 1964, it will procure and import with its own resources from the United States of America and from countries friendly to the United States of America at least 80,000 metric tons of wheat and/or wheat flour in grain equivalent, in addition to approximately 80,000 metric tons of wheat and/or wheat flour to be imported under the Agreement.

2. With respect to paragraph A of Article II of the Agreement, the Imperial Government of Iran will provide, upon the request of the Government of the United States of America, facilities for the conversion into non-dollar currencies of two percent of the Iranian rials accruing from sales under the Agreement for the purpose of Section 104 (a) of the Act. These facilities for conversion will be used to finance agricultural market development projects and activities in other countries. The Imperial Government of Iran will also provide facilities for the conversion of up to \$250,000 worth of Iranian rials for use under Section 104 (b) of the Act and the Mutual Educational and Cultural Exchange Act of 1961 for programs and activities in other countries.

3. 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

the travel (including connecting travel) is to or through Iran, and for travel within the United States of America or other areas outside Iran when the travel 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 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 rials may be utilized shall not be limited to services provided by Iranian transportation facilities.

I shall appreciate receiving Your Excellency's confirmation that the foregoing also represents the understanding of the Government of Iran.

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

Stuart W. ROCKWELL
Chargé d'Affaires ad interim

His Excellency Abbas Aram
Minister of Foreign Affairs
Tehran

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS
OFFICE : ECONOMIC SECTION

June 11, 1964

No. 7263/1841/9

MEMORANDUM

The Imperial Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to refer to Note No. 474 of April 11, 1964³ and is pleased to inform you that the Imperial Gouvernement of Iran confirms the contents of Notes 293 and 294 of November 18, 1963, regarding the agreement signed between the Government of Iran and the United States on November 17, 1963 for the purchase of 80,000 tons of wheat. It will be very much appreciated if you will inform the authorities in the United States to expedite the shipment of 80,000 tons of the purchased wheat.

The Ministry of Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States the assurances of its highest consideration.

Embassy of the United States of America
Tehran

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

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

³ Not printed by the Department of State of the United States of America.