

No. 7702

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**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 September 1964**

*Official text: English.*

*Registered by the United States of America on 23 April 1965.*

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**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 septembre  
1964**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 23 avril 1965.*

No. 7702. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
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 SEP-  
TEMBER 1964

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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  
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 com-  
modities;

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 the commodities under the Act at the time of exporta-  
tion, the Government of the United States of America undertakes to finance the

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<sup>1</sup> Came into force on 29 September 1964, upon signature, in accordance with article VI.

sales for Iranian rials, to purchasers authorized by the Imperial Government of Iran, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat/wheat flour . . . . .	\$9.6
Ocean transportation . . . . .	\$1.9
TOTAL	<u>\$11.5</u>

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 proportions 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, 50 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. 10 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 Imperial 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) To the extent the Iranian rials set aside for loans under Section 104 (e) of the Act are not used up 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 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 Imperial Government of Iran, as may be mutually agreed, 40 percent 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 Iranian rials for loan purposes under Section 104 (g) of the Act within three years from the date of this agreement,

the Government of the United States of America may use the Iranian 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 disbursement 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 Imperial Government of Iran and the Government of the United States of America.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Iranian rials which become due under this agreement or which become due under any prior agricultural commodities agreement. A reserve will be maintained under this agreement for two years from the effective date of this agreement which may be used for the payment of such refunds. Any payment out of this reserve shall be treated as a reduction in the total rials accruing to the Government of the United States of America under this agreement.

### *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 sales and 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 quarterly information on the progress of the program, particularly with respect to the arrival and condition of commodities; provisions for the maintenance of usual marketings, and information relating to imports and 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 twenty-ninth day of September, 1964.

For the Government  
of the United States of America :

Stuart W. ROCKWELL

For the Imperial Government  
of Iran :

Amir Abbas HOVEYDA

## EXCHANGE OF NOTES

## I

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

No. 145

Tehran, September 29, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today<sup>1</sup> 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 deliveries of wheat under the agreement should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, the Imperial Government of Iran agrees that it will procure and import with its own resources from the United States of America and countries friendly to the United States of America at least 90,000 metric tons of wheat during the United States fiscal year 1965 in addition to purchases under the terms of the agreement and the Agricultural Commodities Agreement between our two Governments signed November 17, 1963,<sup>2</sup> and, if deliveries of commodities under this agreement extend into a subsequent period, the level of usual marketing requirements for such period will be determined at the time the request for extension of deliveries is made.

(2) With regard to paragraph 4 of Article IV of the Agreement the Imperial Government of Iran agrees to furnish quarterly the following information in connection with each shipment of wheat received under the agreement; the name of each vessel; the date of arrival; the port of arrival; the quantity received; the condition in which received; the date unloading was completed; and the disposition of the cargo; i.e., stored, distributed locally or if shipped where shipped. In addition, the Imperial Government of Iran agrees to furnish quarterly : (a) a statement of measures it has taken to prevent the resale or transshipment of the wheat furnished, (b) assurances that the program has not resulted in increased availability of the same or like commodities to other nations and (c) a statement by the Government of Iran showing progress made toward fulfilling commitments on usual marketings. The Imperial Government of Iran further agrees that the above statements will be accompanied by statistical

<sup>1</sup> See p. 164 of this volume.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 530.

data on imports and exports by country of origin or destination of commodities which are the same as or like that imported under this agreement.

(3) The Imperial Government of Iran will provide, upon request of the Government of the United States of America, facilities for conversion into other non-dollar currencies of the following amounts of rials: (1) for purposes of section 104 (a) of the Act, \$230,000 worth or two per cent of the rials accruing under the agreement, whichever is the greater, to finance agricultural market development activities in other countries; and (2) for purposes of section 104 (h) of the Act and for the purposes of Mutual Educational and Cultural Exchange Act of 1961, up to \$230,000 worth of rials to finance educational and cultural exchange programs and activities in other countries.

(4) The Government of the United States of America may utilize rials in Iran to pay for travel which is part of a trip in which the traveler travels 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 of the above understanding.

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

## II

No. 146

Tehran, September 29, 1964

Excellency:

I have the honor to refer to the Agricultural Commodities Agreement signed today 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 Article II; of the sale 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 USAID 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 USAID, 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 USAID to observe and review agreed projects and the utilization of goods and services financed under the projects, and shall furnish to the USAID 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 USAID 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 USAID 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 USAID 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 USAID shall expend funds for agreed projects only in accordance with the applicable laws and regulations of the United States Government. The USAID 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

### III

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

#### MINISTÈRE IMPÉRIAL DES AFFAIRES ÉTRANGÈRES<sup>1</sup>

September 29, 1964

Mr. Chargé d'Affaires :

I have the honor to inform you that the Imperial Government of Iran confirms the contents of your Notes No. 145 and No. 146 of September 29, 1964, regarding the Agricultural Commodities Agreement signed between our two Governments on September 29, 1964.

Accept, Mr. Chargé d'Affaires, the renewed assurances of my high consideration.

Abbas ARAM  
Minister of Foreign Affairs

The Honorable Stuart W. Rockwell  
Chargé d'Affaires ad interim  
of the United States of America  
Tehran

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<sup>1</sup> Imperial Ministry of Foreign Affairs.