

No. 7722

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**UNITED STATES OF AMERICA  
and  
KENYA**

**Agricultural Commodities Agreement under Title IV of the  
Agricultural Trade Development and Assistance Act,  
as amended (with exchange of notes dated 3 and 4 Feb-  
ruary 1965). Signed at Nairobi, on 7 December 1964**

*Official text: English.*

*Registered by the United States of America on 27 April 1965.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
KENYA**

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre IV 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 3 et 4 février 1965).  
Signé à Nairobi, le 7 décembre 1964**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 27 avril 1965.*

No. 7722. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
STATES OF AMERICA AND THE GOVERNMENT OF  
KENYA UNDER TITLE IV OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS  
AMENDED. SIGNED AT NAIROBI, ON 7 DECEMBER  
1964

The Government of the United States of America and the Government of Kenya;

Recognizing the desirability of expanding trade in agricultural commodities between their two countries in a manner which would utilize surplus agricultural commodities, including the products thereof, produced in the United States of America to assist economic development in Kenya;

Recognizing that such expanded trade should be carried on in a manner which would not displace cash marketings of the United States of America in those commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Recognizing further that by providing such commodities to Kenya under long-term supply and credit arrangements, the resources and manpower of Kenya can be utilized more effectively for economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use;

Desiring to set forth the understandings which will govern the sales, as specified below, of commodities to Kenya pursuant to Title IV of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act);

Have agreed as follows :

*Article I*

COMMODITY SALES PROVISIONS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Kenya of credit 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 during the period specified in the following table or such longer period as may be authorized by the Government of the United States of America, sales for United States dollars, to purchasers authorized by the Government of Kenya of the following commodities :

<sup>1</sup> Came into force on 7 December 1964, upon signature, in accordance with article V.

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value To Be Financed</i>
Wheat flour, granular . . .	U.S. Fiscal Year 1965	500	\$68,000
Ocean Transportation (estimated)* . . . . .			8,000
TOTAL			\$76,000

\* Estimate based on U.S. Government payment of excess transportation costs resulting from requirement that U.S. flag vessels be used.

The total amount of financing provided in the credit purchase authorizations shall not exceed the above-specified export market value to be financed, except that additional financing for ocean transportation will be provided if the estimated amount for financing shipments required to be made on the United States flag vessels proves to be insufficient. It is understood that the Government of the United States of America will, as price declines or other marketing factors may require, limit the amount of financing provided in the credit purchase authorizations so that the quantities of commodities financed will not substantially exceed the above-specified approximate maximum quantities.

2. Credit purchase authorizations will include provisions relating to the sale and delivery of such commodities and other relevant matters.

3. The financing, sale, and delivery of commodities hereunder may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale, and delivery is unnecessary or undesirable.

## Article II

### CREDIT PROVISIONS

1. The Government of Kenya will pay or cause to be paid in United States dollars to the Government of the United States of America for the commodities specified in Article I and related ocean transportation (except excess ocean transportation costs resulting from the requirement that United States flag vessels be used), the amount financed by the Government of the United States of America together with interest thereon.

2. The principal amount due for commodities delivered in each calendar year under this Agreement, including the applicable ocean transportation costs related to such deliveries, shall be paid in 19 approximately equal annual payments, the first of which shall become due two years after the date of last delivery of commodities in such calendar year. Any annual payment may be made prior to the due date thereof.

3. Interest on the unpaid balance of the principal amount due the Government of the United States of America for commodities delivered in each calendar

year shall begin on the date of the last delivery of commodities in such calendar year and be paid not later than the date on which the annual payment of principal becomes due. The interest shall be computed at the rate of one percent per annum during the period from the date of last delivery of commodities in such calendar year and the due date of the first annual payment of principal and at two and a half percent per annum thereafter.

4. All payments shall be made in United States dollars and the Government of Kenya shall deposit or cause to be deposited such payments in the United States Treasury for credit to the Commodity Credit Corporation, unless another depository is agreed upon by the two Governments.

5. The two Governments will each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year.

6. For the purpose of determining the date of the last delivery of commodities for each calendar year, delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier.

### *Article III*

#### GENERAL PROVISIONS

1. The Government of Kenya will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic consumption of the agricultural commodities purchased pursuant to this Agreement; 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 said commodities are being 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 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 commodities pursuant to this Agreement will not displace cash marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade of countries friendly to the United States of America.

3. In carrying out the provisions of this Agreement, the two Governments will seek to assure, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for commodities.

4. The Government of Kenya will furnish, upon request of the Government of the United States of America, information on the progress of the program,

including the arrival and condition of commodities, imports of commodities purchased from the United States of America or other countries friendly to the United States of America in addition to commodities financed under this Agreement, and any exports of the same or like commodities.

#### *Article IV*

##### 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 entered into pursuant to this Agreement.

#### *Article V*

##### 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 in duplicate at Nairobi this seventh day of December, 1964.

For the Government  
of the United States of America :  
William ATTWOOD

For the Government  
of Kenya :  
J. S. GICHURU

#### EXCHANGE OF NOTES

##### I

#### *The American Ambassador to the Kenyan Minister for Finance*

No. 7

Nairobi, February 3, 1965

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Kenya, which was signed December 7, 1964.<sup>1</sup>

I wish to confirm my Government's understanding of the Agreement reached in conversations which have taken place between representatives of our two Governments with respect to the use by the Government of Kenya of East African shillings resulting from the sale of commodities financed under the Agreement. It is understood that these East African shillings will be used for economic and social development programs, as may be agreed to by our two Governments. With regard to the use of these East African shillings, the Government of Kenya agrees to furnish the Government of the United States of

<sup>1</sup> See p. 262 of this volume.

America, upon request, reports showing the total East African shillings available to the Government of Kenya from the sale of the commodities and reports listing the projects being undertaken including information on the name, location, and amount invested in each project.

It is also understood that any East African shillings resulting from the sale within Kenya of the commodities purchased pursuant to the Agreement which are loaned by the Government of Kenya to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in Kenya.

With regard to Paragraph 4 of Article III of the Agreement, the Government of Kenya agrees to furnish at least quarterly the following information in connection with each shipment of commodities received under the Agreement: the name of each vessel; the date of arrival; the port of arrival; the commodities and quantities received; the condition in which received; the date unloading was completed and disposition of the cargo, i.e., stored, distributed locally or, if shipped, where shipped. In addition the Government of Kenya agrees to furnish at least quarterly: (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished, (b) assurances that the program has not resulted in increased availability of the same or like commodities to other nations. The Government of Kenya further agrees that the above statements will be accompanied by statistical data on imports and exports by country of origin or destination of commodities which are the same as or like those imported under this Agreement.

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

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

William ATTWOOD

The Honorable James S. Gichuru  
Minister for Finance  
Nairobi

## II

### *The Kenyan Minister for Finance to the American Ambassador*

THE TREASURY  
NAIROBI, KENYA

Ref. No. CFN 248/04

4th February, 1965

Excellency:

I have the honour to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Kenya, which was signed on December 7, 1964.

I wish to confirm my Government's understanding of the Agreement reached in conversations which have taken place between representatives of our two Governments with respect to the use by the Government of Kenya of East African shillings resulting from the sale of commodities financed under the Agreement. It is understood that these East African shillings will be used for economic and social development programmes, as may be agreed to by our two Governments. With regard to the use of these East African shillings, the Government of Kenya agrees to furnish the Government of the United States of America, upon request, reports showing the total East African shillings available to the Government of Kenya from the sale of the commodities and reports listing the projects being undertaken including information on the name, location, and amount invested in each project.

It is also understood that any East African shillings resulting from the sale within Kenya of the commodities purchased pursuant to the Agreement which are loaned by the Government of Kenya to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in Kenya.

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

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

J. S. GICHURU  
Minister for Finance

His Excellency the Ambassador  
for the United States of America  
The American Embassy  
Nairobi