

No. 7720

**UNITED STATES OF AMERICA
and
ISRAEL**

**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 22 December 1964**

Official text: English.

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

**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 échange de notes). Signé à Washington, le 22 dé-
cembre 1964**

Texte officiel anglais.

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

No. 7720. AGRICULTURAL COMMODITIES AGREEMENT¹
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 22 DE-
CEMBER 1964

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 those commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial 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 collectively 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 availability of the specified commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance during Calendar Year 1965 the sales for Israel pounds, to purchasers authorized by the Government of Israel, of the following agricultural commodities in the amounts indicated :

¹ Came into force on 22 December 1964, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (Millions)</i>
Feedgrains	\$12.2
Rice4
Beef (excluding canned)	3.0
Tobacco2
Ocean transportation (estimated)	1.6
TOTAL	\$17.4

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 Israel pounds 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 ISRAEL POUNDS

The Israel 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 proportions shown.

A. For United States expenditures under subsections (a), (b), (d), (f) and (h) through (t) of Section 104 of the Act, or under any of such subsections, 20 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 Section 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 Section 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, provided such rates are not lower than the cost of funds to the United States Treasury on comparable maturities, 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 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 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 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 loan to the Government of Israel 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 Israel, as may be mutually agreed, 65 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 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 Israel pounds for any purpose 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 disbursement 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 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 Government of Israel.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Israel pounds which become due under this agreement or which are due or 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 Israel pounds accruing to the Government of the United States of America under this agreement.

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 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 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 Government of Israel 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 Washington in duplicate this 22nd day of December, 1964.

For the Government of the United States of America :
Phillips TALBOT

For the Government of Israel :
Avraham HARMAN

EXCHANGE OF NOTES

I

*The Assistant Secretary for Near Eastern and South Asian Affairs
to the Ambassador of Israel*

DEPARTMENT OF STATE
WASHINGTON

December 22, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today¹ and to inform you of my Government's understanding of the following :

(1) The sales of agricultural commodities under the agreement is not intended to increase the availability of these or like commodities for export and are 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.

(2) Israel will import from free world sources, including the United States of America, as usual marketings during calendar year 1965 :

- (a) not less than 225,000 metric tons of feedgrains,
- (b) not less than 9,000 metric tons of rice,
- (c) not less than 13,000 metric tons of beef, and
- (d) not less than 900 metric tons of tobacco.

(3) In the event that any commodities under the agreement are exported after December 31, 1965, the Government of the United States of America will finance ocean freight charges on those commodities only to the extent that such charges are higher than would otherwise be the case by reason of the requirement that the commodities be transported in United States flag vessels. The balance of the ocean freight charges for transportation in United States vessels after December 31, 1965 must be paid in dollars by the Government of Israel.

(4) With regard to paragraph 4 of Article IV of the agreement, the Government of Israel 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 commodity and 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 Government of Israel agrees to furnish at least quarterly : (a) statement of measures it has taken to prevent the resale or

¹ See p. 232 of this volume.

transshipment of commodities 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 showing progress made toward fulfilling commitments on usual marketings.

The Government of Israel 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 or like those imported under the agreement.

(5) The Government of Israel 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 Israel pounds :

- (a) for purposes of Section 104(a) of the Act, \$348,000 worth or two percent of the Israel pounds accruing under the agreement, whichever is greater, to finance agricultural market development activities in other countries; and
- (b) for purposes of Section 104 (h) of the Act and for the purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to \$400,000 worth of Israel pounds to finance educational and cultural exchange programs and activities in other countries.

(6) Realizing the potential effects on the economy of Israel of the sale of Israel pounds authorized by Section 104 (t) of the Act and being mutually desirous of avoiding injurious effects, it is agreed that transactions under this section will be in compliance with the foreign exchange regulations of Israel. Any single such sale of Israel pounds over and above \$1,000 would involve prior agreement with Israel.

(7) The Government of the United States of America may utilize Israel pounds in Israel to pay for travel which 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 Israel transportation facilities.

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

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

Phillips TALBOT

His Excellency Avraham Harman
Ambassador of Israel

II

The Ambassador of Israel to the Secretary of State

EMBASSY OF ISRAEL
WASHINGTON, D.C.

December 22, 1964

Dear Mr. Secretary,

I have the honour to refer to your Note dated December 22 regarding the Agricultural Commodities Agreement between our two Governments signed today, and to inform you that my Government concurs with the understanding as set forth in your Note.

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

Avraham HARMAN
Ambassador

The Hon. Secretary of State
Department of State
Washington D.C.
