

No. 7989

**UNITED STATES OF AMERICA
and
ISRAEL**

Exchange of notes (with enclosure) constituting an agreement relating to procurement of goods and services for defense purposes. Washington, 15 and 20 July 1965

Official text: English.

Registered by the United States of America on 30 November 1965.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISRAËL**

Échange de notes (avec pièce jointe) constituant un accord relatif à l'achat de biens et services pour les besoins de la défense. Washington, 15 et 20 juillet 1965

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 30 novembre 1965.

No. 7989. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND ISRAEL RELATING TO PROCUREMENT OF GOODS AND SERVICES FOR DEFENSE PURPOSES. WASHINGTON, 15 AND 20 JULY 1965

I

The Department of State to the Embassy of Israel

The Department of State refers the Embassy of Israel to discussions which have taken place between representatives of the Government of the United States of America and the Government of Israel on the subject of the use by the United States Department of Defense of Israeli currencies owned by the Government of the United States of America.

As a result of those discussions, it was agreed that it would be to the mutual advantage of the two Governments to record the terms and procedures governing such use according to the General Procurement Arrangements set forth as an enclosure hereto. It is proposed that this note and a reply by the Embassy of Israel concurring therein shall constitute an agreement which shall enter into force on the date of that reply.

Enclosure :
General Procurement Arrangements

Department of State
Washington, July 15, 1965

GENERAL PROCUREMENT ARRANGEMENTS

1. All Israeli currencies which may now or hereafter be available for payment of U.S. obligations in Israel may, as determined by the Government of the United States of America, be used by the United States Department of Defense for the procurement in Israel of goods and services for use outside Israel by the Government of the United States for its purposes without restriction. The amount of Israeli currencies which may be so used under these Arrangements shall be mutually determined annually.

¹ Came into force on 20 July 1965 by the exchange of the said notes.

2. The goods and services to which these arrangements apply will be itemized in a mutually agreed list which shall be an annex to these arrangements. Representatives of the United States Department of Defense and the Ministry of Commerce and Industry of Israel are authorized to make, from time to time, such modifications to this annex as may be mutually agreed.

3. (a) The Ministry of Commerce and Industry of Israel will be informed of each procurement which the United States Department of Defense may be interested in placing in Israel and will, without charge, circulate invitations for bids, prepared by the United States Department of Defense in accordance with its customary procedures, among suppliers in Israel and submit the bids received to the United States Department of Defense.

(b) The United States Department of Defense will be solely responsible for evaluating the bids, and for contract awards, in accordance with its customary procedures.

(c) Contract awards to Israeli suppliers will be notified by the United States Department of Defense to the Ministry of Commerce and Industry of Israel.

(d) The United States Department of Defense is authorized to make its contracts directly with Israeli suppliers and may incorporate in the contracts such clauses as are customarily required by United States Department of Defense regulations. In this connection, it is understood that the Government of Israel does not require any specific clauses to be incorporated in the contracts to meet its own purposes.

(e) Upon request of the United States Department of Defense, and at no cost to the Government of the United States of America, the Government of Israel will, wherever possible, provide such inspection services as may be necessary, through institutions such as the Standards Institute, to determine that the United States Department of Defense specifications are complied with. The United States Department of Defense may, however, at its own expense, also provide its own inspection personnel, or such supervision as it considers necessary, on site for this purpose.

(f) Israeli suppliers will be responsible for obtaining such export licenses as may be required. The Ministry of Commerce and Industry of Israel will facilitate the issuance of such licenses.

4. (a) Payments for goods and services procured pursuant to these arrangements will be made in United States dollars by the United States Department of Defense directly to Israeli suppliers.

(b) A copy of every payment voucher will be transmitted by the United States Department of Defense to the United States Disbursing Officer (USDO), American Embassy, Tel Aviv. Upon request made from time to time by the USDO, the Ministry of Finance of Israel will exchange Israeli pounds held by the Government of the United States for United States dollars (computed at the official exchange rate in Israel on the day of exchange) in amounts equal to the difference between the aggregate amount of each voucher and the agreed United States export component of each voucher, as determined under subparagraph (c) of this paragraph.

(c) Upon request of the United States Department of Defense, Israeli suppliers will provide through the Ministry of Commerce and Industry detailed and specific import documentation for materials or services that have been imported from the United

States for incorporation into particular Department of Defense contract items or for the performance of Department of Defense contract services. The FOB United States dollar value of such materials or services, as established by such documentation, shall be the agreed United States export component for the purpose of subparagraph (b) of this paragraph. To the extent appropriate and feasible, such documentation shall be utilized by the United States Department of Defense and the Ministry of Commerce and Industry of Israel as a basis for mutually determining for the purposes of sub-paragraph (b) of this paragraph the agreed United States export component by class of materials and services, and such mutually determined United States export components, as revised from time to time, shall be specified in an annex to these arrangements.

5. These arrangements may be terminated by either Government upon 180 days written notice to the other Government.

ANNEX TO GENERAL PROCUREMENT ARRANGEMENTS

Crystals	Cutting Tools
Transistors	Industrial Fittings
Batteries	Domestic Fittings
Air Conditioners	Fire Extinguishers
Communications Equipment	Kitchen Equipment
Water Coolers	Webbing
Bakery Equipment	Canvas

II

The Embassy of Israel to the Department of State

EMBASSY OF ISRAEL
WASHINGTON, D.C.

The Embassy of Israel acknowledges receipt of the Note of the Department of State of July 15, 1965 and the enclosure attached thereto, referring to discussions which have taken place between representatives of the Government of the United States and the Government of Israel regarding the use by the United States Department of Defense of Israeli currencies owned by the United States of America.

The Embassy of Israel concurs with the terms and procedures governing the use of such currencies as set forth in the enclosure to the above note entitled General Procurement Arrangements. The Embassy of Israel agrees, as proposed, that the Note of the Department and this reply to it constitute an agreement to enter into force on this date.

(Initialled) [illegible]

Embassy of Israel
Washington, July 20, 1965