

No. 8399

**UNITED STATES OF AMERICA
and
UNITED ARAB REPUBLIC**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Cairo,
on 3 January 1966**

Official text: English.

Registered by the United States of America on 21 November 1966.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE ARABE UNIE**

**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 au Caire, le 3 janvier 1966**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 21 novembre 1966.

No. 8399. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE UNITED ARAB REPUBLIC UNDER TITLE I OF
THE AGRICULTURAL TRADE DEVELOPMENT AND
ASSISTANCE ACT, AS AMENDED. SIGNED AT CAIRO,
ON 3 JANUARY 1966

The Government of the United States of America and the Government of the United Arab Republic :

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 Egyptian pounds of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Egyptian pounds accruing from the 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 the United Arab Republic 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 EGYPTIAN POUNDS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of the United Arab Republic of purchase authorizations and to the availability of the specified commodities under the

¹ Came into force on 3 January 1966, upon signature, in accordance with article VI.

Act at the time of exportation, the Government of the United States of America undertakes to finance the sales for Egyptian pounds, to purchasers authorized by the Government of the United Arab Republic, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Supply Period</i>	<i>Export Market Value (Millions)</i>
Wheat/Wheat Flour	US Fiscal Year 1966	\$29.9
Soybean/cottonseed oil	US Fiscal Year 1966	6.25
Tobacco	US Fiscal Year 1966	4.6
Poultry	US Fiscal Year 1966	.3
		<hr/> \$41.05

2. Applications for purchase authorizations will be made within 90 days after the effective date of this agreement. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of Egyptian pounds accruing from such sale, and other relevant matters.

The Government of the United States of America will finance ocean transportation costs incurred pursuant to this agreement only to the extent that such costs are higher than otherwise would be the case by reason of the requirement that approximately 50 percent by tonnage of the commodities be transported in United States flag vessels. The balance of cost for commodities required to be carried in United States flag vessels shall be paid in dollars by the Government of the United Arab Republic. The Government of the United Arab Republic will not be required to deposit Egyptian pounds for ocean transportation financed by the Government of the United States of America.

Promptly after contracting for United States flag shipping space required to be used, and in any event not later than presentation of vessel for loading, the Government of the United Arab Republic will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities carried in United States flag vessels.

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 EGYPTIAN POUNDS

The Egyptian 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 Egyptian 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 the United Arab Republic incident thereto, 5 percent of the Egyptian 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 the United Arab Republic for business development and trade expansion in the United Arab Republic and to United States firms and United Arab Republic 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 Government of the United Arab Republic, acting through the National Bank of Egypt (hereinafter referred to as the Bank). The Governor of the Bank, or his designate, will act for the Government of the United Arab Republic, 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 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 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 the United Arab Republic on comparable loans, provided such rate is not lower than 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 Bank will indicate to AID whether or not the Bank has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from the Bank, it shall be understood that the Bank has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the Bank.

- (6) In the event the Egyptian 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 Bank, the Government of the United States of America may use the Egyptian pounds for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of the United Arab Republic 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 the United Arab Republic, as may be mutually agreed, 75 percent of the Egyptian 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 Egyptian 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 Egyptian pounds for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF EGYPTIAN POUNDS

1. The Government of the United Arab Republic will deposit to the account of the Government of the United States of America an amount of Egyptian pounds equivalent to the dollar sales value of the commodities financed by the Government of the United States of America converted into Egyptian pounds at the applicable rate of exchange in effect on the date of dollar disbursement by the Government of the United States of America.

- (a) If a unitary exchange rate system is maintained by the Government of the United Arab Republic, the applicable rate will be the rate at which the central monetary authority of the United Arab Republic, or its authorized agent, sells foreign exchange for Egyptian pounds.
- (b) If a unitary rate system is not maintained, the applicable rate will be the rate mutually agreed upon by the Government of the United States of America and the Government of the United Arab Republic.

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

Article IV

GENERAL UNDERTAKINGS

1. The Government of the United Arab Republic 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 the United Arab Republic 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 Cairo in duplicate this third day of January, 1966.

For the Government
of the United States of America :

LUCIUS D. BATTLE

For the Government
of the United Arab Republic :

A. KAISSOUNI

EXCHANGE OF NOTES

I

*The American Ambassador to the Deputy Prime Minister
of the United Arab Republic*

January 3, 1966

Excellency :

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

1. In agreeing that the delivery of commodities pursuant to the agreement should not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries, the Government of the United Arab Republic agrees that it will, in addition to the commodities to be programmed under agricultural commodities agreements between our two Governments and the 450,000 metric tons of wheat and/or wheat flour on a grain equivalent basis specified in paragraph 7 of the exchange of notes relating to the Title IV agreement signed today, import with its own resources from Free World sources, including the United States of America, during the United States Fiscal Year 1966 :

- (a) Edible vegetable oils—17,500 metric tons.
- (b) Tobacco—7,000 metric tons of which not less than 1,500 metric tons must come from the United States.
- (c) Poultry—2,000 metric tons of which not less than 1,000 metric tons must come from the United States.

2. In view of the world rice situation, no limitation is being placed on total rice exports by the United Arab Republic during the period November 1, 1965 through October 31, 1966, provided that the agreement does not result in increased availability of rice to nations unfriendly to the United States of America.

3. The Government of the United Arab Republic agrees that Egyptian pounds received by the Government of the United States of America under the agreement may be deposited in interest-bearing accounts in banks in the United Arab Republic selected by the Government of the United States of America.

4. With regard to paragraph 4 of Article IV of the agreement the Government of the United Arab Republic agrees to furnish 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 the United Arab Republic agrees to furnish 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 and (c) a statement by the Government showing progress made toward fulfilling commitments on usual marketings.

The Government of the United Arab Republic 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 the agreement.

5. The Government of the United Arab Republic 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 Egyptian pounds : (1) for purposes of section 104 (a) of the Act, \$821,000 worth or two percent of Egyptian pounds accruing from sales under the agreement and payments from 104 (g) loans (including principal and interest), whichever is 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 the Mutual Educational and Cultural Exchange Act of 1961, up to \$1 million worth of Egyptian pounds to finance educational and cultural exchange programs and activities in other countries.

6. In addition to facilities for conversion provided in paragraph 5, the Government of the United Arab Republic will provide, upon the request of the United States Government, facilities for conversion into U.S. dollars of such Egyptian pounds as the Government of the United Arab Republic and the United States Government may agree upon.

7. The Government of the United States of America may utilize Egyptian pounds in the United Arab Republic to pay for travel which is part of a trip in which the traveler travels from, to or through the United Arab Republic. It is

understood that these funds are intended to cover only travels 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 Egyptian pounds may be utilized shall not be limited to services provided by United Arab Republic transportation facilities.

8. The Government of the United States may utilize Egyptian pounds accumulated under the agreement for partial payment of ocean freight costs of shipping commodities donated and shipped to the United Arab Republic under PL 480 programs, and the Government of the United Arab Republic agrees to accept Egyptian pounds from shipping companies carrying such cargo, such pounds to be used for port charges, stevedoring and other loading and unloading charges, warehousing, bunkering, victualing and crew's purchase of personal consumables in the United Arab Republic.

9. No purchase authorizations for wheat financed under the agreement will be issued until all the wheat available under the Title IV agreement signed today has been purchased.

10. The Government of the United Arab Republic agrees that the total acreage planted to cotton during the coming year in the United Arab Republic will not increase above the present acreage.

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

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

Lucius D. BATTLE
Ambassador

Dr. Abdel Moneim el Kaissouni
Deputy Prime Minister
Ministry of Economy
Cairo, U.A.R.

II

*The Deputy Prime Minister of the United Arab Republic
to the American Ambassador*

Cairo, January 3, 1966

Sir :

I have the honor to acknowledge the receipt of your note of January 3, 1966, which reads as follows :

[See note I]

I have the honor to inform you, Sir, that the terms of the foregoing note are acceptable to the Government of the United Arab Republic and that the Government of the United Arab Republic considers your note and the present reply as constituting an agreement between our two Governments on this subject, the Agreement to enter into force on today's date.

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

A. KAISSOUNI
Deputy Prime Minister
Minister of Economy

Lucius D. Battle
American Ambassador
American Embassy
Cairo, U.A.R.