

No. 8495

**UNITED STATES OF AMERICA
and
SUDAN**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes). Signed at Khartoum,
on 13 April 1966**

Official text : English.

Registered by the United States of America on 30 December 1966.

**ÉTATS-UNIS D'AMÉRIQUE
et
SOUDAN**

**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 Khartoum, le 13 avril 1966**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 30 décembre 1966.

No. 8495. AGRICULTURAL¹ COMMODITIES AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF THE
REPUBLIC OF THE SUDAN UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND ASSIST-
ANCE ACT, AS AMENDED. SIGNED AT KHARTOUM,
ON 13 APRIL 1966

The Government of the United States of America and the Government of the Republic of the Sudan ;

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

Considering that the Sudanese 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 the Government of the Republic of the Sudan 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 SUDANESE POUNDS

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

¹ Came into force on 13 April 1966, upon signature, in accordance with article VI.

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

| <i>Commodity</i> | <i>Export Market Value (Millions)</i> |
|----------------------------|---|
| Wheat/wheat flour. | \$4.16 |

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 Sudanese pounds accruing from such sale, and other relevant matters.

3. The Government of the United States of America will finance ocean transportation costs incurred to¹ 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 Republic of the Sudan. The Government of the Republic of the Sudan will not be required to deposit Sudanese pounds for ocean transportation financed by the Government of the United States of America.

4. 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 Republic of the Sudan will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities carried in United States flag vessels.

5. 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 SUDANESE POUNDS

The Sudanese 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

¹ According to information provided by the Government of the United States of America, this should read "incurred pursuant to".

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), (c), (d), (f) and (h) through (t) of Section 104 of the Act, or under any of such subsections, 20 percent of the Sudanese 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 Government of the Republic of the Sudan incident thereto, 5 percent of the Sudanese 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 Government of the Republic of the Sudan for business development and trade expansion in the Government of the Republic of the Sudan and to United States firms and Sudanese 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 Republic of the Sudan, acting through the Ministry of Finance and Economics (hereinafter referred to as the Ministry). The Minister of Finance and Economics of the Government of the Republic of the Sudan, or his designate, will act for the Government of the Republic of the Sudan, 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 the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, and the general purpose 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 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 Government of the Republic of the Sudan 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 application, the Ministry will indicate to AID whether or not it has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from the Ministry, it shall be understood that the Ministry has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the Ministry.

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

C. For a loan to the Government of the Republic of the Sudan under Section 104 (g) of the Act for financing such projects to promote economic development, including projects not heretofore included in the plans of the Government of the Republic of the Sudan, as may be mutually agreed, 75 percent of the Sudanese 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 Sudanese pounds for loan purposes under Section 104 (g) of the Act within 3 years from the date of this agreement, the Government of the United States of America may use the Sudanese pounds for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF SUDANESE POUNDS

1. The Government of the Republic of the Sudan will deposit to the account of the Government of the United States of America an amount of Sudanese pounds equivalent to the dollar sales value of the commodities financed by the Government of the United States of America converted into Sudanese 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 Republic of the Sudan, the applicable rate will be the rate at which the central monetary authority of the Government of the Republic of the Sudan, or its authorized agent, sells foreign exchange for Sudanese 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 Republic of the Sudan.

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

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of the Sudan 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 in the calendar year during which Title I commodities are being imported (except where such export is specifically approved by the Government of the United States); 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 Republic of the Sudan 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 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 Khartoum in duplicate this thirteenth day of April 1966.

For the Government
of the United States of America :

W. H. WEATHERSBY
[SEAL]

For the Government
of the Republic of the Sudan :

Mohammed Ibrahim KHALIL
[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Sudanese Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

Note No. 183

Khartoum, April 13, 1966

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today and to confirm in this note the understanding of the Government of the United States of America of the following :

1. In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, the Government of the Republic of the Sudan agrees to procure and import with its own resources at least 50,000 metric tons of wheat during calendar year 1966 from the United States of America and countries friendly to it, in addition to the agricultural commodities to be purchased under the terms of the agreement.

2. The Government of the Republic of the Sudan agrees that Sudanese pounds received by the Government of the United States of America under the agreement may be deposited in interest bearing accounts in the Bank of Sudan. The Government of the Republic of the Sudan will pay interest at rates paid by commercial banks in the Sudan on deposits of comparable maturity.

3. The Government of the Republic of the Sudan 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 Sudanese pounds :

- (1) for purposes of Section 104 (a) of the Act \$83,200 worth or two percent of the Sudanese pounds accruing to the United States of America under the agreement as proceeds from sales and 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 \$83,000 worth of Sudanese pounds to finance educational and cultural exchange programs and activities in other countries.

4. The Government of the United States of America may utilize Sudanese pounds in the Sudan to pay for travel in which the traveler travels from, to or through the Sudan. It is understood that these funds are intended to cover only travel by persons who are traveling on official business for or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which Sudanese pounds may be utilized shall not be limited to services provided by Sudanese transportation facilities.

5. With regard to Paragraph 4 of Article IV of the agreement, the Government of the Republic of the Sudan agrees to furnish quarterly the following information in connection with each shipment of commodities received under the agreement: 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 Republic of the Sudan 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 Republic of the Sudan 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.

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

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

William H. WEATHERSBY

His Excellency Sayed Mohammed Ibrahim Khalil
Minister of Foreign Affairs
Khartoum

II

The Sudanese Minister of Foreign Affairs to the American Ambassador

Khartoum, April 13, 1966

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today and to confirm in this note the understanding of the Government of the Republic of the Sudan of the following :

[See note I]

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

Mohammed Ibrahim KHALIL

His Excellency William H. Weathersby
Ambassador of the United States of America
Khartoum