

No. 8692

**UNITED STATES OF AMERICA
and
TUNISIA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Tunis,
on 30 July 1966**

Official text: English.

Registered by the United States of America on 19 July 1967.

**ÉTATS-UNIS D'AMÉRIQUE
et
TUNISIE**

**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 Tunis, le 30 juillet 1966**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 19 juillet 1967.

No. 8692. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF TUNISIA
UNDER TITLE I OF THE AGRICULTURAL TRADE DE-
VELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT TUNIS, ON 30 JULY 1966

The Government of the United States of America and the Government of Tunisia:

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

Considering that the Tunisian dinars 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 Tunisia 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 TUNISIAN DINARS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Tunisia 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 the

¹ Came into force on 30 July 1966, upon signature, in accordance with article VI.

sales for Tunisian dinars to purchasers authorized by the Government of Tunisia of the following agricultural commodities in the amounts indicated:

<i>Commodity</i>	<i>Delivery Period</i>	<i>Export Market value (millions)</i>
Cotton, upland	Calendar Year 1966	\$1.44
Cottonseed and/or Soybean Oil . .	United States Fiscal Year 1967	3.80
	TOTAL	\$5.24

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 Tunisian dinars accruing from such sale, and other relevant matters.

3. 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 ocean transportation costs for commodities required to be carried in United States flag vessels shall be paid in dollars by the Government of Tunisia. The Government of Tunisia will not be required to deposit dinars 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 vessels for loading, the Government of Tunisia 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 delivering 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 delivering is unnecessary or undesirable.

Article II

USES OF TUNISIAN DINARS

The Tunisian dinars 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 Tunisian dinars 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 Tunisia incident thereto, 10 percent of the Tunisian dinars 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 Tunisia for business development and trade expansion in Tunisia and to United States firms and Tunisian 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 Tunisia, acting through the Secretariat of State for Foreign Affairs (hereinafter referred to as the Secretariat). The Secretary of State for Foreign Affairs, or his designate, will act for the Government of Tunisia, 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 Secretariat 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 Secretariat 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 Tunisia 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 Secretariat 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 Secretariat, it shall be understood that it has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the Secretariat.
- (6) In the event the Tunisian dinars set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this agreement be-

cause AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the Secretariat, the Government of the United States of America may use the Tunisian dinars for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Tunisia 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 Tunisia, as may be mutually agreed, 70 percent of the Tunisian dinars 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 Tunisian dinars 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 Tunisian dinars for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF TUNISIAN DINARS

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

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

Article IV

GENERAL UNDERTAKINGS

1. The Government of Tunisia 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 calendar year 1966 or such longer period as commodities are being imported under the agreement (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 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 Tunisia will furnish quarterly: information on the progress of the program, particularly with respect to the arrival and condition of commodities and 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 Tunis, in duplicate this 30th day of July, 1966.

For the Government
of the United States of America:

James L. O'SULLIVAN

For the Government
of Tunisia:

I. KHELIL

EXCHANGE OF NOTES

I

*The American Chargé d'Affaires ad interim to the Tunisian Secretary
of State for Foreign Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

No. 186

Tunis, July 30, 1966

Excellency:

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

1. In expressing its agreement with the Government of the United States of America that deliveries of commodities under the agreement should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, the Government of Tunisia agrees that it will procure and import from free world sources with its own resources as usual marketings, the following agricultural commodities in addition to those to be purchased under the terms of the agreement:

- a. During calendar year 1966, at least 3,700 bales of upland cotton, of which not less than 3,000 bales shall be purchased from the United States of America.
- b. During United States fiscal year 1967, at least 4,600 metric tons of edible oil and/or oilseeds in oil equivalent, of which not less than 1,200 metric tons shall be purchased from the United States of America.

Usual marketing imports under the agreement shall be in addition to any shortfall of commercial import requirements for prior years under any other agricultural commodities agreement between our two Governments. If deliveries extend into a subsequent period, the level of usual marketing requirements for such period shall be determined at the time the request for extension of deliveries is made.

2. With regard to Article IV of the agreement:
 - a. As it pertains to cotton, upland, it is understood that should the same or like commodities be exported in any calendar year during which Title I commodities are being imported, the Government of Tunisia shall be required to reimburse the Government of the United States of America in dollars for the equivalent value of such exports or make an offset purchase from the United States for dollars of an equivalent quantity by weight of the commodities exported. Such reimbursement or offset purchase shall be made not later than 60 days from the date that such exports take place. Reimbursement shall not be in excess of the total value of the commodities shipped under the agreement. Should any product be exported that is processed from the same or like commodities as those being imported under the agreement, reimbursement or offset purchases would be required for an equivalent quantity by weight or value as specified above, of the commodity used to produce the process product. If the Government of Tunisia elects to reimburse the Government of the United States of America in dollars under this paragraph, the Government of the United States of America shall refund the equivalent Tunisian dinars to the Government of Tunisia.
 - b. As it pertains to edible oil, it is understood that Tunisia will limit exports of olive oil during United States fiscal year 1967 to 40,000 metric tons, of which not more than 4,000 metric tons would be to countries unfriendly to the United States.

3. With regard to paragraph 4 of Article IV of the agreement, the Government of Tunisia 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 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 Tunisia agrees to furnish quarterly (a) a statement of measures it has taken to prevent the resale or transshipment of commodities, (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 Tunisia 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.

4. The Government of Tunisia agrees that Tunisian dinars received by the Government of the United States of America under the agreement may be deposited in interest-bearing accounts in banks in Tunisia selected by the Government of the United States of America.

5. The Government of Tunisia 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 dinars: for purposes of section 104 (a) of the Act, \$104,800 worth or two percent of the dinars accruing under the agreement as proceeds from sales and payments from 104 (g) loans (including principal and interest), whichever is greater, to finance agricultural market development activities in other countries; and for purposes of section 104 (h) of the Act and for purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to \$157,000 worth of dinars to finance educational and cultural exchange programs and activities in other countries.

6. The Government of the United States of America may utilize dinars in Tunisia to pay for travel which is part of a trip in which the traveler travels from, to or through Tunisia. 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 dinars may be utilized shall not be limited to services provided by Tunisian transportation facilities.

7. The Government of Tunisia agrees to designate an individual or agency in Tunisia with whom representatives of the United States of America may consult with regard to implementing all the provisions of the agreement.

8. The Government of Tunisia agrees to designate one or more persons in the United States to consult with representatives of the United States of America for purposes of orientation in connection with the implementation of the agreement.

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

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

James L. O'SULLIVAN
Chargé d'Affaires ad interim

His Excellency Habib Bourguiba, Jr.
Secretary of State for Foreign Affairs
Tunis

II

*The Director of International Cooperation, Tunisian Secretariat of State for
Foreign Affairs, to the American Chargé d'Affaires ad interim*

RÉPUBLIQUE TUNISIENNE
SECRETARIAT D'ÉTAT AUX AFFAIRES ÉTRANGÈRES

Tunis, July 30, 1966

Dear Mr. O'Sullivan:

I have the honor to acknowledge receipt of your note, dated July 30, 1966, the terms of which are as follows:

[See note I]

I have the honor to confirm the agreement of the Government of Tunisia to the above understanding.

Accept, Mr. Chargé d'Affaires, the renewed assurances of my very high consideration.

I. KHELIL

Mr. James L. O'Sullivan
Chargé d'Affaires ad interim of the Embassy
of the United States of America
Tunis
