

No. 9678

UNITED STATES OF AMERICA
and
TURKEY

**Agricultural Commodities Agreement under Title I of
the Agricultural Trade Development and Assistance
Act, as amended (with exchange of notes). Signed
at Ankara on 2 April 1966**

Authentic text: English.

Registered by the United States of America on 2 July 1969.

ÉTATS-UNIS D'AMÉRIQUE
et
TURQUIE

**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 Ankara
le 2 avril 1966**

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 2 juillet 1969.

AGRICULTURAL COMMODITIES AGREEMENT¹ BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF
AMERICA AND THE GOVERNMENT OF TURKEY
UNDER TITLE I OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED

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

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

Considering that the Turkish lira 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 Turkey 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 TURKISH LIRA

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Turkey 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 sales for Turkish lira to purchasers authorized

¹ Came into force on 2 April 1966 by signature, in accordance with article VI.

by the Government of Turkey, of the following agricultural commodities in the amounts indicated:

<i>Commodity</i>	<i>Supply Period</i>	<i>Export Market Value (millions)</i>
Corn	United States Fiscal Year 1966	\$1.1
Wheat/Wheat Flour ...	United States Fiscal Year 1966	17.9
		TOTAL \$19.0

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 Turkish lira 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 per cent 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 Turkey. The Government of Turkey will not be required to deposit Turkish lira 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 Turkey 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 TURKISH LIRA

The Turkish lira 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), (f), and (h) through (j) of Section 104 of the Act, or under any of such subsections, thirty per cent of the Turkish lira 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 Turkey incident thereto, twenty per cent of the Turkish lira 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 Turkey for business development and trade expansion in Turkey and to United States firms and Turkish 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 Turkey, acting through the Organization for International Economic Cooperation of the Turkish Ministry of Finance (hereinafter referred to as OIEC). The Secretary General of the OIEC, or his designate, will act for the Government of Turkey, 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 OIEC of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, the general purposes for which the loan proceeds would be expended, the approximate time of implementation, and any other appropriate information which might be required by OIEC.
- (4) When AID is prepared to act favorably upon an application, it will so notify OIEC 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 Turkey 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, OIEC will indicate to AID whether or not OIEC has any objection to the proposed loan. Unless within the sixty day period AID has received such a communication from OIEC, it shall be understood that OIEC has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify OIEC. AID, in turn, undertakes to inform OIEC of its action on the loan within sixty days of the effective date of OIEC approval.

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

C. For loans under Section 104 (g) of the Act for financing such projects to promote economic development, as may be mutually agreed, fifty per cent of the Turkish lira accruing pursuant to this Agreement. The terms and conditions of loans will be set forth in separate loan agreements. In the event that agreement is not reached on the use of the Turkish lira 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 Turkish lira for any purpose authorized by Section 104 of the Act.

Article III.

DEPOSIT OF TURKISH LIRA

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

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Turkish lira 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 Turkish lira

accruing to the Government of the United States of America under this Agreement.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Turkey 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 any United States fiscal year during which Title I commodities are being imported (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 Turkey 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 Ankara in duplicate this 2nd day of April 1966.

For the Government
of the United States of America:

Parker T. HART
Ambassador
of the United States of America

For the Government
of the Republic of Turkey:

Macit ZEREN
Minister of Commerce

EXCHANGE OF NOTES

I

The American Ambassador to the Turkish Minister of Commerce

No. 1353

Ankara, April 2, 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. With regard to Article IV of the Agreement the Government of Turkey will not, without the specific approval of the Government of the United States of America, export any food grains or feed grains, including wheat, rye, corn, barley, and oats or products processed therefrom, during any United States fiscal year in which food grains or feed grains provided under this Agreement are being imported.

2. The Government of Turkey agrees that Turkish lira received by the Government of the United States of America under this Agreement may be deposited in interest-bearing accounts in any authorized bank in Turkey selected by the Government of the United States of America.

3. With regard to paragraph 4 of Article IV of the Agreement the Government of Turkey 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 Turkey agrees to furnish quarterly (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished and (b) assurances that the program has not resulted in increased availability of the same or like commodities to other nations. The Government of Turkey 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 Turkey 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 Turkish lira : (1) for purposes of section 104(a) of the Act, \$380,000 worth or two per cent of the Turkish lira 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 (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 \$380,000 worth of Turkish lira to finance educational and cultural exchange programs and activities in other countries.

5. The Government of the United States of America may utilize Turkish lira in Turkey to pay for travel which is part of a trip in which the traveler travels from, to or through Turkey. 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. It is further understood that the travel for which Turkish lira may be utilized shall not be limited to services provided by Turkish transportation facilities.

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

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

Parker T. HART

His Excellency Macit Zeren
Minister of Commerce of the Republic of Turkey
Ankara, Turkey

II

The Turkish Minister of Commerce to the American Ambassador

April 2, 1966

Excellency:

I have the honor to acknowledge receipt of Your Excellency's Note No. 1353 of this date which reads as follows:

[See note I]

I have the honor to inform Your Excellency that the terms of the foregoing Note are acceptable to the Government of the Republic of Turkey and that the Government of the Republic of Turkey concurs with the foregoing understanding.

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

Macit ZEREN

His Excellency Parker T. Hart
Ambassador of the United States of America
Ankara