

No. 9761

UNITED STATES OF AMERICA
and
MOROCCO

Agreement for sales of agricultural commodities (with annexes). Signed at Rabat on 20 April 1967

Authentic text: English.

Registered by the United States of America on 6 August 1969.

ÉTATS-UNIS D'AMÉRIQUE
et
MAROC

Accord relatif à la vente de produits agricoles (avec annexes). Signé à Rabat le 20 avril 1967

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 6 août 1969.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE KINGDOM OF MOROCCO FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Kingdom of Morocco,

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Kingdom of Morocco (hereinafter referred to as the importing country) and with other friendly countries in a manner that will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Taking into account the importance to developing countries of their efforts to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

Recognizing the policy of the exporting country to use its agricultural productivity to combat hunger and malnutrition in the developing countries, to encourage these countries to improve their own agricultural production, and to assist them in their economic development;

Recognizing the determination of the importing country to improve its own production, storage, and distribution, of agricultural food products, including the reduction of waste in all stages of food handling;

Desiring to set forth the understandings that will govern the sales of agricultural commodities to the importing country pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), and the measures that the two Governments will take individually and collectively in furthering the above-mentioned policies;

¹ Came into force on 20 April 1967 by signature, in accordance with Part III (B).

Have agreed as follows :

PART I

GENERAL PROVISIONS

Article I

A. The Government of the exporting country undertakes to finance the sale of agricultural commodities to purchasers authorized by the Government of the importing country in accordance with the terms and conditions set forth in this agreement, including the applicable annex which is an integral part of this agreement.

B. The financing of the agricultural commodities listed in Part II of this agreement will be subject to :

1. the issuance by the Government of the exporting country of purchase authorizations and their acceptance by the Government of the importing country; and
2. the availability of the specified commodities at the time of exportation.

C. Application for purchase authorizations will be made within 90 days after the effective date of this agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this agreement shall be made within the supply periods specified in the commodity table in Part II of the present agreement.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of financing authorized under this agreement shall not exceed the maximum export market value specified for that commodity and type of financing in Part II of the present agreement. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in Part II of the present agreement.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the present agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no responsibility to reimburse the Government of the exporting country or to deposit any local currency of the importing country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.

H. 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

A. Initial Payment

The Government of the importing country shall pay, or cause to be paid, such an initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that proportion of the purchase price (excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in Part II and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

B. Type of Financing

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein, and special provisions relating to the sale are also set forth in Part II and in the applicable annex.

C. Deposit of Payments

The Government of the importing country shall make, or cause to be made, payments to the Government of the exporting country in the currencies, amounts, and at the exchange rates specified elsewhere in this agreement as follows :

1. Payments in the local currency of the importing country (hereinafter referred to as local currency), shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.
2. Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington, D. C. 20250, unless another method of payment is agreed upon by the two Governments.

Article III

A. World Trade

The two Governments shall take reasonable precautions to assure that sales of agricultural commodities pursuant to this agreement will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with countries the Government of the exporting country considers to be friendly to it (referred to in this agreement as friendly countries). In implementing this provision the Government of the importing country shall :

1. insure that total imports from the exporting country and other friendly countries into the importing country paid for with the resources of the importing country will equal at least the quantities of agricultural commodities as may be specified in the usual marketing table set forth in Part II during each import period specified in the table and during each subsequent comparable period in which commodities financed under this agreement are being delivered. The imports of commodities to satisfy these usual marketing requirements for each import period shall be in addition to purchases financed under this agreement.
2. take all possible measures to prevent the resale, diversion in transit, 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, diversion in transit, transshipment

or use is specifically approved by the Government of the United States of America); and

3. take all possible measures to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities financed under this agreement during the export limitation period specified in the export limitation table in Part II (except as may be specified in Part II or where such export is otherwise specifically approved by the Government of the United States of America).

B. *Private Trade*

In carrying out this agreement, the two Governments shall seek to assure conditions of commerce permitting private traders to function effectively.

C. *Self-help*

Part II describes the program the Government of the importing country is undertaking to improve its production, storage, and distribution of agricultural commodities. The Government of the importing country shall furnish in such form and at such time as may be requested by the Government of the exporting country, a statement of the progress the Government of the importing country is making in carrying out such self-help measures.

D. *Reporting*

In addition to any other reports agreed upon by the two Governments, the Government of the importing country shall furnish at least quarterly for the period it is importing or utilizing commodities purchased under this agreement and for the first quarter the end of that period :

1. 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;
2. a statement by it showing the progress made toward fulfilling the usual marketing requirements;
3. a statement of the measures it has taken to implement the provisions of sections A 2 and 3 of this Article; and

4. 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.

E. Procedures for Reconciliation and Adjustment of Accounts

The two Governments shall each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide are appropriate.

F. Delivery

For the purposes of this agreement :

1. delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier,
2. import shall be deemed to have occurred when the commodity has entered the country, and passed through customs, if any, of the importing country, and
3. utilization shall be deemed to have occurred when the commodity is sold to the trade within the importing country without restriction on its use within the country or otherwise distributed to the consumer within the country.

G. Applicable Exchange Rate

For the purposes of this agreement, the applicable exchange rate for determining the amount of any local currency to be paid to the Government of the exporting country shall be a rate which is not less favorable to the Government of the exporting country than the highest of exchange rates legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest of exchange rates obtainable by any other nation. With respect to local currency :

1. As long as a unitary exchange rate system is maintained by the Government of the importing country, the applicable exchange rate will be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency.
2. If a unitary rate system is not maintained, the applicable rate will be the rate (as mutually agreed by the two Governments) that fulfills the requirements of the first sentence of this section G.

H. Consultation

The two Governments shall, upon request of either of them, consult regarding any matter arising under this agreement, including the operation of arrangement carried out pursuant to this agreement.

I. Publicity

The Government of the importing country shall undertake such measures as may be mutually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity as provided for in subsection 103 (1) of the Act.

PART II

PARTICULAR PROVISIONS

ITEM I. Commodity Table :

<i>Commodities</i>	<i>Supply Period (United States Fiscal Year)</i>	<i>Approximate Maximum Quantity (Metric tons)</i>	<i>Maximum Export Market Value (in thou- sands)</i>
A. Dollar Credit			
Wheat and/or wheat flour	1967	83,500	\$5,630
Ocean transportation (estimated) . . .			278
		SUBTOTAL	\$5,908
B. Local Currency			
Wheat and/or wheat flour	1967	83,500	\$5,630
		SUBTOTAL	\$5,630
		TOTAL	\$11,538

ITEM II. Payment Terms :

A. Dollar Credit

1. Initial Payment — 3 percent
2. Number of Installment Payments — 19
3. Amount of each installment payment — approximately equal annual amounts
4. Due Date of First Installment Payment — two years after date of last delivery of commodities in each calendar year.
5. Initial Interest Rate — 1 percent
6. Continuing Interest Rate — $2\frac{1}{2}$ percent

B. *Local Currency Terms*

1. Initial Payment in Dollars — 3 percent
2. Proportions of Local Currency Indicated for Specified Purposes
 - a. U.S. expenditures — 20 percent
 - b. Section 104 (e) Loans — 10 percent
 - c. Section 104 (f) Loans — 70 percent
3. Convertibility
 - a. Section 104 (b) (1) — \$112,600
 - b. Section 104 (b) (2) — \$112,600

ITEM III. *Usual Marketing Table:*

<i>Commodity</i>	<i>Import Period (United States Fiscal Year)</i>	<i>Usual Marketing Requirement</i>
Wheat and/or wheat flour on a grain equivalent basis	1967	125,000 metric tons

ITEM IV. *Export Limitations:*

A. The export limitation period shall be the period beginning on the date of this agreement and ending on the final date on which the commodities financed under this agreement are imported and utilized.

B. For the purposes of Article III A (3) Part I of this agreement, commodities considered to be the same as or like the commodities financed under this agreement include food grains including all types of wheat products (including semolina or pasta products) and barley.

ITEM V. *Self-help Measures:*

1. Increase and improve crop and livestock research with emphasis on the major grain crops in both dryland and irrigated areas;
2. Improve range management;
3. Establish and maintain erosion control measures in upper watersheds adjoining irrigation development projects;
4. Increase vocational agricultural training at the secondary school level;

5. Such other measures as may be mutually agreed upon for the purposes specified in Section 109 (a) of the Act.

ITEM VI. *Economic Development Program for Which Proceeds Accruing to Importing Country to be Used :*

For purposes specified in ITEM V and for other economic development purposes as may be mutually agreed upon.

ITEM VII. *Other Provisions :*

Travel — In addition to any local currency authorized for sale under Section 104 (j) of the Act, the Government of the exporting country may utilize any local currency in the importing country to pay for travel which is part of a trip in which the traveler travels from, to or through the importing country. These funds but not the sales under section 104 (j)) are intended to cover only travel by persons who are traveling on official business for the Government of the exporting country or in connection with activities financed by the Government of the exporting country. The travel for which local currency may be utilized shall not be limited to services provided by the transportation facilities of the importing country.

PART III

FINAL PROVISIONS

A. This agreement may be terminated by either Government by notice of termination to the other Government. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination. Such right of termination shall not be exercised without consultation under Part I, Article III (H) of this agreement.

B. 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 Rabat, in duplicate, this 20th day April 1967.

For the Government
of the United States of America :

Henry J. TASCA
Ambassador of the
United States of America
[SEAL]

For the Government
Kingdom of Morocco :

Ahmed LARAKI
Minister of Foreign Affairs
[SEAL]

LOCAL CURRENCY ANNEX TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE KINGDOM OF MOROCCO FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on local currency terms :

1. The Government of the importing country shall provide for the payment in United States dollars of the balance of the ocean transportation coasts for commodities required to be transported in United States flag vessels, after deducting the ocean freight differential described in Part I, Article I F, of this agreement.

2. The Government of the importing country shall pay, or cause to be paid, to the Government of the exporting country an amount of local currency equivalent to the dollar amount disbursed by the Government of the exporting country for the commodity (not including any ocean transportation costs), less any portion of the initial payment payable in dollars to the Government of the exporting country, at such time as required by the purchase authorization and regulations applicable thereto. The calculation of this local currency equivalent shall be at the applicable rate of exchange specified in Part I, article III G, of this agreement and in effect on the date of dollar disbursement by the Government of the exporting country.

3. The Government of the exporting country shall determine which of its funds shall be used to pay any refunds of local currency which become due under this agreement or which are due or become due under any prior agricultural commodities agreement. A reserve shall be maintained under this agreement for two years from its effective date 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 local currency accruing to the Government of the exporting country under this agreement.

4. Subject to the reserve and refund provision of paragraph 3 of this annex, the local currency accruing to the Government of the exporting country from sales of these commodities shall be made available for use by the Government of the exporting country in such manner and order of priority as the Government of the exporting country shall determine, for the purposes and in the proportions indicated in Part II of the present agreement.

5. Any percentage of the local currency indicated for section 104 (e) purposes shall be made available 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 for administrative expenses of AID in the importing country incident thereto.

a. Such loans will be made to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in the importing country including loans for private home

- construction, and to United States firms and other firms doing business in the importing country (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products;
- b. Loans will be mutually agreeable to AID and the Government of the importing country, acting through the Ministry of Finance (hereinafter referred to as the Ministry). The Minister of Finance of the Kingdom of Morocco, or his designate, will act for the Government of the importing country, and the Administrator of AID, or his designate, will act for AID.
 - c. Upon receipt of an application that 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 purposes for which the loan proceeds would be expended.
 - d. 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 repayment period will be consistent with the purposes of the financing and the interest rate will be similar to that prevailing in the importing country on comparable loans, but the Government of the exporting country may establish a rate no less than the rate it considers to be the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the Government of the exporting country having a maturity comparable to the maturity of the loan.
 - e. 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 the Ministry 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.
 - f. If, because AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the Ministry, agreements with a borrower are not reached for specific loans equal to the local currency available for section 104(e) purposes within three years from the date of this agreement or the amendment to this agreement that resulted in the availability of this local currency for section 104(e) purposes, the Government of the exporting country may make available for any purpose authorized by section 104 of the Act any of the local currency with respect to which such agreements are not reached for the reasons stated above.
6. Any percentage of the local currency indicated for section 104(f) loan purposes shall be made available for loans to the Government of the importing country under section 104(f) of the Act for financing such projects to promote multilateral trade and agricultural and other economic development, including projects not hereto-

fore included in plans of the Government of the importing country, as may be mutually agreed.

- a.* The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement.
- b.* The two Governments agree to give emphasis to projects to be financed under this loan that are designed to promote, increase, and improve food production, processing, distribution and marketing.
- c.* If agreement is not reached on the use of the local currency available for section 104 (*f*) loan purposes within three years from the date of this agreement or the amendment to this agreement that resulted in the availability of this local currency for section 104 (*f*) loans, the Government of the exporting country may make available for any purpose authorized by section 104 of the Act any of the local currency with respect to which such agreement is not reached.

7. Any percentage of the local currency indicated for section 104 (*h*) purposes shall be made available for financing programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth as may be mutually agreed under section 104 (*h*) of the Act. If agreement is not reached on the use of the local currency available for section 104 (*h*) purposes within three years from the date of this agreement or the amendment to this agreement that resulted in the availability of this local currency for section 104 (*h*) purposes the Government of the exporting country may make available for any purpose authorized by section 104 of the Act any of the local currency with respect to which such agreement is not reached.

8. Any percentage of the local currency indicated for United States expenditures may be made available by the Government of the exporting country for expenditure under any subsection of section 104 of the Act, except that this provision shall not result in an increase in the other percentages which are indicated for specific subsections of section 104 in Part II, item II under "Proportions of Local Currency Indicated for Specified Purposes." Such expenditures shall include, among others, those authorized by section 104 (*j*) of the Act subject to any provisions relating thereto in Part II of the present agreement.

9. With respect to local currency the Government of the exporting country acquires under this agreement, and upon request of the Government of the exporting country, the Government of the importing country shall provide facilities for conversion of :

a. The following amounts of local currency into other non-United States dollar currencies :

(1) For purposes of section 104 (*b*) (1) of the Act, the larger of the two following amounts :

(*a*) the local currency amount required to yield the United States dollar amount specified in Part II, of the agreement or

- (b) two per centum of the local currency accruing to the Government of the exporting country from sales made pursuant to this agreement and from payments of both principal and interest on section 104 (f) loans, and
- (2) For purposes of section 104 (b) (2) of the Act, the local currency amount required to yield the United States dollar amount specified in Part II of the agreement.
- b. The following amounts of local currency into United States dollars at the applicable exchange rate in effect on the date of the request for conversion :
- (1) For purposes of section 103 (m) (1) of the Act, that portion of the currencies available for payment of United States obligations that is necessary to permit the Government of the United States of America or any of its agencies to meet their obligations or pay the charges they owe to the Government of the importing country or any of its agencies, and
- (2) The local currency amount required to yield any additional United States dollar amount specified in Part II.

DOLLAR CREDIT ANNEX TO THE AGREEMENT BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE
GOVERNMENT OF THE KINGDOM OF MOROCCO FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on dollar credit terms :

1. In addition to bearing the cost of ocean freight differential as provided in Part I, Article I F, of this agreement, the Government of the exporting country will finance on credit terms the balance of the costs for ocean transportation of those commodities that are required to be carried in United States flag vessels. The amount for ocean transportation (estimated) included in any commodity table specifying credit terms does not include the ocean freight differential to be borne by the Government of the exporting country and is only an estimate of the amount that will be necessary to cover the ocean transportation costs to be financed on credit terms by the Government of the exporting country. If this estimate is not sufficient to cover these costs, additional financing on credit terms shall be provided by the Government of the exporting country to cover them.

2. With respect to commodities delivered in each calendar year under this agreement, the principal of the credit (hereinafter referred to as principal) will consist of :

- a. The dollar amount disbursed by the Government of the exporting country for the commodities (not including any ocean transportation costs) less any portion of the initial payment payable to the Government of the exporting country, and
- b. The ocean transportation costs financed by the Government of the exporting country in accordance with paragraph 1 of this annex (but not the ocean freight differential).

This principal shall be paid in accordance with the payment schedule in Part II of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of the principal may be made prior to its due date.

3. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year under this agreement shall begin on the date of the last delivery of these commodities in such calendar year. The interest shall be paid not later than the due date of each installment payment of the principal, except that if the date of the first installment is more than a year after such date of the last delivery, the first payment of the interest shall be made not later than the anniversary date of such date of the last delivery and thereafter the payment of the interest shall be made not later than the due date of each installment payment of the principal. For the period from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rate specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

4. The Government of the importing country shall deposit the proceeds accruing to it from the sale of commodities financed under this agreement (upon sale of the commodities within the importing country) in an account in its name and will use such proceeds for economic development purposes specified in Part II of this agreement. The total amount deposited under this paragraph shall not be less than the local currency equivalent of the dollar disbursement by the Government of the exporting country in connection with the financing of the sale of the commodities including the related ocean transportation costs other than the ocean freight differential. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the Government of the importing country to private or nongovernmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish the Government of the exporting country semi-annual reports, during such period as requested by the Government of the exporting country, containing relevant information concerning the total sales proceeds deposited and each economic development program being undertaken with such sales proceeds including name, location, a brief description, total sales proceeds allocated to the program, amount disbursed to date, and status of completion. In the case of loans, there shall be included in the report the interest rate charged, repayment terms and prevailing rate of interest for comparable loans in the importing country.

5. All payments shall be in United States dollars.