No. 13627

UNITED STATES OF AMERICA
and
SUDAN

Agreement for sales of agricultural commodities (with official agreed minute). Signed at Khartoum on 8 May 1974

Authentic text: English.

Registered by the United States of America on 4 November 1974.

ÉTATS-UNIS D'AMÉRIQUE
et
SOUDAN

Accord relatif à la vente de produits agricoles (avec procès-verbal approuvé officiel). Signé à Khartoum le 8 mai 1974

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 4 novembre 1974.

AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF THE SUDAN FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Democratic Republic of the Sudan have agreed to the sales of the agricultural commodities specified below. This Agreement shall consist of the Preamble, Parts I and III, and the Convertible Local Currency Credit Annex of the March 18, 1973, Agreement[2] and the following Part II:

PART II

PARTICULAR PROVISIONS

Item I. Commodity Table:

Commodity	*Supply Period (Fiscal Year)*	*Approximate Maximum Quantity (Metric Tons)*	*Maximum Export Market Value (Millions)*
Wheat/Wheat flour	1974	20,000	$3.0

Item II. Payment Terms:

Convertible Local Currency Credit

1. Initial payment—5 percent.
2. Currency use payment—None.
3. Number of Installment Payments—31 equal annual installments.
4. Amount of Each Installment Payment—Approximately equal annual amounts.
5. Due Date of First Installment Payment—10 years after date of last delivery of commodities in each calendar year.
6. Initial Interest Rate—2 percent.
7. Continuing Interest Rate—3 percent.

Item III. Usual Marketing Requirements:

Commodity	*Import Period (Fiscal Year)*	*Usual Marketing Requirement*
Wheat/Wheat flour	1974	146,000 M.T. (wheat equivalent)

Item IV. Export Limitations:

A. With respect to each commodity financed under this agreement, the export limitation period for the same or like commodity shall be Fiscal Year 1974 or any subsequent Fiscal Year during which each commodity financed under this Agreement is being imported and utilized.

[1] Came into force on 8 May 1974 by signature, in accordance with part III (B).
[2] United Nations, *Treaty Series*, vol. 912, No. I-12997.

B. For the purposes of Part I, article III, A, 3, of the Agreement, the commodities considered to be the same as, or like, the commodities financed under this agreement are: for wheat/wheat flour—wheat, wheat flour, semoline, farina, and bulgar (or same product under a different name).

Item V. Self-Help Measures:

The Government of the importing country agrees to support:

1. Development of the Jebel Marra area in Western Sudan, including the following:
   a. The farm-to-market road program.
   b. The Agricultural Extension Service, particularly its program for providing information to farmers and its transportation service (bicycles).
   c. Improvement of demonstration farms and research stations.
2. The Agricultural Research and Extension Service programs of the Ministry of Agriculture.
3. The development of an institutional base for vocational schools, university, research and demonstration facilities, etc. located in Southern Sudan to provide agricultural technicians for the provinces of the Upper Nile, Equatoria, and Bahr-el-Ghazal areas—while concentrating upon assisting the small farmers to more actively participate in and contribute to Sudan's programs for socio-economic development.
4. An improved rural health unit program nationwide.

Item VI. Economic Development Purposes for Which Proceeds Accruing to Importing Country are to be Used:

The proceeds accruing to the importing country from sales of the commodity received under this Agreement will be used for financing of the self-help measures set forth in Item V and for the following sectors as described in the Government of Sudan's Development Plan for the National Economy: Agriculture and Transportation.

Item VII. Ocean Freight (Differential):

The Government of the exporting country shall bear the cost of ocean freight differential for commodities it requires to be carried in United States flag vessels but, notwithstanding the provisions of paragraph 1 of the Convertible Local Currency Credit Annex, it shall not finance the balance of the cost of ocean transportation of such commodities.

Item VIII. Other Provisions:

A. Substitute the following for paragraph 4 of the Convertible Local Currency Credit Annex:

"The total amount of proceeds accruing to the importing country from the sale of commodities financed under this Agreement, to be applied to the economic development uses set forth in Part II of this Agreement, 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 commodities (other than the ocean freight differential), provided, however, that the sales proceeds to be so applied shall be reduced by the payment, if any, made by the Government of the importing country pursuant to the proviso in Section 103(*b*) of the Act (such payment is herein called "the currency use payment"). 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, in accordance with its fiscal year budget reporting procedures, at such times as may be requested by the Government of the exporting country but not less often than annually, a report of the receipt and expenditure of the proceeds, certified by the appropriate audit authority of the Government of the importing country, and in the case of expenditures the budget sector in which they were used."

B. The Government of the Democratic Republic of the Sudan understands that the Food for Peace Act (PL 480) requires the Agreement to provide for termination whenever the Government of the United States of America finds that the self-help program described in the Agreement is not being adequately developed and that the Government of the United States of America can terminate the Agreement in such a case under the termination clause in Part III of the Agreement.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE in Khartoum, in duplicate, this eighth day of May, 1974.

For the Government of the United States of America:	For the Government of the Democratic Republic of the Sudan :
M. A. SANDERSON	E. S. BILAIL

OFFICIAL AGREED MINUTE OF NEGOTIATIONS RELATING TO THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE DEMOCRATIC REPUBLIC OF THE SUDAN FOR SALES OF AGRICULTURAL COMMODITIES, FY 1974

On April 30, 1974, the following delegations representing the Government of the United States of America and the Government of the Democratic Republic of the Sudan met to discuss the draft agreement between the two countries for the sale of agricultural commodities:

For the United States:

Mr. Samuel R. Peale, First Secretary, US Embassy, Khartoum
Mr. Michael S. Cruit, Attache, US Embassy, Khartoum

For the Democratic Republic of the Sudan:

The Honorable Farouq al-Magboul, Deputy Under Secretary, Ministry of Finance and National Economy
Sayed Abu Bakr Tambour, Ministry of Finance and National Economy
Sayed Awad al-Karim Muhammed, Bank of Sudan

The draft agreement was discussed in its entirety by the two delegations and particular reference was made to the following points:

1. *Part II, Item I,* Commodity Table. The United States Delegation explained that the commodity commitments in the agreement are in terms of dollar values and not quantities. At the time the draft was prepared it was calculated that $3.0 million would purchase approximately 20,000 metric tons of wheat/wheat flour. If the price of wheat should rise, however, the dollar ceiling would remain controlling and a lesser amount of wheat would then be provided. Similarly, should the price of wheat drop, the maximum tonnage indicated in this Item could become controlling even if the dollar sum authorized would permit greater purchases, due to wheat supply constraints in relation to international demands.

The United States delegation noted the importance of the supply period specified in the Item. Shipment of the commodities before June 30—i.e., delivery as defined in Part I, article III, F, of the Agreement—was imperative since the tight controls resulting from the overall wheat supply situation would not permit any carryover into the next fiscal year. For this reason it would be most important for the Sudanese Government to instruct its Embassy in Washington to approach the United States Government Department of Agriculture, as soon as possible following the signing of the Agreement, to seek purchase authorizations for the actual purchase and delivery of the wheat involved.

The United States Delegation also noted that, as provided in part I, article I, of the draft agreement, the short supply of the commodities in question could make it necessary for the United States Government to withhold some of the shipments otherwise authorized by the terms of the draft agreement. While the United States Government hoped that all wheat/wheat flour authorized by the draft agreement could be shipped during the period specified, the tight supply situation had resulted in delays in issuing purchase authorizations this fiscal year under similar agreements with other countries. The United States delegation therefore felt obliged to insure that the Sudanese delegation was aware of this possibility.

2. *Part II, Item III,* Usual Marketing Table. The United States delegation explained that the usual marketing requirement figure of 146,000 metric tons provided in the draft agreement was based on the average of the Sudan's commercial wheat/wheat flour imports for the last five years from Free World sources. Under law, the United States Government is obligated to insure that concessional sales do not interfere with the commercial sales of the United States and other friendly countries. The United States would expect, therefore, that the Sudan would continue to maintain this five year average of commercial imports of wheat and wheat flour by looking to the United States and such other Free World sources, including Yugoslavia. In this connection, the United States delegation noted that Sudanese Government records indicated that the usual marketing requirement for Fiscal Year 1974 had in fact already been met. Moreover, the United States delegation welcomed the fact the Sudan had continued to look to the United States as its major source of commercial wheat/wheat flour purchases and expressed the interest of the United States in continuing to have access

to a fair share of such commercial purchases which the Sudan might make in the future.

3. *Part II, Items V, VI and VIII, B*, Self-Help Measures. The two delegations reviewed in detail the contents of these three sections. The United States delegation pointed out that it was not the intention of the draft agreement severely to restrict the Sudanese Government in the use of the funds which would be generated through the sale within the Sudan of the commodities covered by the Agreement or arbitrarily to delineate those areas in which the Sudan would direct its self-help efforts. The United States did, however, attach considerable importance to self-help aspects of the Agreement. Assisting the Sudan in its economic development was a prime purpose of the agreement. The draft agreement had moreover designated self-help goals which would complement and support the other technical cooperation projects which the United States Government hoped to enter into with the Government of the Democratic Republic of the Sudan in the near future. Since these other technical cooperation projects are designed to meet priority socio-economic goals of the Government of Sudan, it is intended that the self-help provisions be supportive of those projects and the goals they are intended to achieve.

The Sudanese delegation noted that the Sudanese Government fully intended to live up to the terms of the Agreement including those relating to the self-help effort. The Sudanese Government supported both the specific targets set forth under Item V as well as the priority given to the agriculture and transportation sectors under item VI. Decisions on timing of specific measures to achieve these goals would, however, have to be made in the context of the Sudanese Government overall development priorities. The United States delegation responded that the terms of the draft agreement were intended to permit such flexibility both in terms of specific targets for self-help programs and with regard to timing. The United States Government only wished to see an effort made within the life of the agreement to move toward these goals, with the funds generated by the agreement supplementing those other funds that the Sudanese Government devoted to these purposes.

With reference to Item VIII, B, the United States delegation noted that the provision for possible termination of the Agreement in the event that the self-help programs should not develop as planned served to emphasize the importance which the United States Government attaches to the self-help aspect of the Agreement. This provision is only one example of the broader termination right granted to both Parties under the provisions of part III of the Agreement, and judging by the experience in implementing the FY 73 Agreement, the United States did not anticipate any requirement to invoke this provision.