

No. 16302

**UNITED STATES OF AMERICA
and
JORDAN**

Agreement for sales of agricultural commodities (with minutes of negotiation). Signed at Amman on 29 November 1976

Authentic text: English.

Registered by the United States of America on 27 January 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
JORDANIE**

Accord relatif à la vente de produits agricoles (avec procès-verbal de négociations). Signé à Amman le 29 novembre 1976

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 janvier 1978.

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

The Government of the United States of America and the Government of the Hashemite Kingdom of Jordan have agreed to the sales of agricultural commodities specified below. This agreement shall consist of the Preamble, Parts I and III of the Agreement signed November 27, 1974,² together with the following Part II:

PART II. PARTICULAR PROVISIONS

Item I. Commodity Table

<i>Commodity</i>	<i>Supply Period (United States Fiscal Year)</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value (Millions)</i>
Wheat/Wheat Flour (Grain Basis)	1977	50,000	\$5.5
		TOTAL	\$5.5

Item II. Payment Terms

Dollar Credit

- A. Initial Payment — 5 percent
- B. Currency Use Payment — 5 percent for Section 104 (a) purpose
- C. Number of Installment Payments — 19
- D. Amount of each installment payment — Approximately equal annual installments
- E. Due Date of First Installment Payment — Two years after date of last delivery of commodities in each calendar year
- F. Initial Interest Rate — 2 percent
- G. Continuing Interest Rate — 3 percent

Item III. Usual Marketing Table

<i>Commodity</i>	<i>Import Period United States Fiscal Year</i>	<i>Usual Marketing Requirements</i>
Wheat and/or Wheat Flour (on a Grain Equivalent Basis) . .	1977	42,000 Metric Tons

Item IV. Export Limitations

A. The export limitation period shall be United States Fiscal Year 1977 or any subsequent United States Fiscal Year during which commodities financed under this Agreement are being imported or utilized.

¹ Came into force on 29 November 1976 by signature, in accordance with its provisions.

² United Nations, *Treaty Series*, vol. 980, p. 3.

B. For the purposes of Part I, Article III A(4) of the Agreement, the commodities which may not be exported are: for wheat/wheat flour — wheat, wheat flour, rolled wheat, semolina, farina and bulgur (or some products under a different name).

C. Permissible Export(s):

<i>Commodity</i>	<i>Quantity</i>	<i>Period During which such Exports are permitted</i>
Wheat including durum wheat, or wheat products including semolina or pasta products	Amounts traditionally supplied to northern portions of Saudi Arabia and adjacent areas	For United States Fiscal Year 1977 and any subsequent U.S. Fiscal Year during which above-mentioned commodities are being imported or utilized

Item V. Self-Help Measures

A. In implementing these self-help measures specific emphasis will be placed on contributing directly to development progress in poor rural areas and on enabling the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Jordan agrees to:

1. increase the capability of Jordan's agricultural research institutions in applied problem identification and problem solving in order to relax technological constraints on greater, more efficient production;
2. increase output and incomes on small farms in the dryland farming regions through more rapid adoption of known improved technologies for wheat and other dryland crops;
3. improve the marketing system for cereals by expanding storage and handling facilities throughout the country;
4. increase the availability of credit to small farmers by substantially increasing the capitalization of the Agricultural Credit Corporation and the Jordan Cooperative Organization, the two major sources of institutional credit for farmers in Jordan;
5. improve food marketing to lower its cost and provide a more effective communications linkage between consumers and producers. The program is to include investment in food handling and storage facilities, stronger application of grades and standards, and the timely gathering and dissemination of market news and information to consumers and producers;
6. strengthen Jordan's agricultural extension services through effective organization, leadership, in-service training, and funding and by improving communications among farmers, extension agents, the research establishment, and agribusiness.

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

A. The proceeds accruing to the importing country from the sale of commodities financed under this Agreement will be used for financing the self-help measures

set forth in the Agreement and for agriculture and economic development sectors which are set forth in the Government of Jordan's development plan.

B. In the use of proceeds for these purposes emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

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 Amman, in duplicate this 29th day of November, 1976.

For the Government
of the Hashemite Kingdom of Jordan:

[*Signed*]

MARWAN S. KASIM
Minister of Supply

For the Government
of the United States of America:

[*Signed*]

THOMAS R. PICKERING
U.S. Ambassador

Date: November 29, 1976

MINUTES OF NEGOTIATION FOR AGREEMENT FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER U.S. PUBLIC LAW 480

Representatives of the Government of the United States of America and the Government of the Hashemite Kingdom of Jordan conducted negotiations beginning on November 8, 1976, in which the United States Government agreed to sell the Hashemite Kingdom of Jordan wheat/wheat flour valued at U.S. \$5.5 million under the provisions of U.S. Public Law 480. In the process of reviewing the provisions entered in the Agreement the following items of clarification and emphasis were brought to the attention of the Jordanian negotiators:

1. The \$5.5 million export market value of wheat mentioned in Part II of the Agreement represents the maximum value for which purchase authorization may be issued, and against which the initial payment and/or currency use payment will be measured.
2. The figure of 50,000 m.t. of wheat shown in Part II of the draft agreement is an approximation based on current estimates of export market prices. It is understood however that if export prices of wheat decline, the quantity of wheat sold under the Agreement could not exceed the 50,000 m.t. specified in Part II of the Agreement.
3. The U.S. negotiators informed the Government of Jordan of the new requirements governing the purchase of commodity and ocean freight. The Government of Jordan agreed to adhere to these requirements which are detailed hereunder:
 - a. All tenders for ocean freight and commodity shall be issued in the United States of America.
 - b. All submission and acceptance of bids shall be in the United States of America.
 - c. All awarding of contracts shall be done in the United States of America.
 - d. All invitations for bids for ocean freight and commodities shall be submitted to the General Sales Manager, United States Department of Agriculture for review and approval prior to release to the trade.
 - e. All bid openings shall be in public.

4. The Government of Jordan should be aware that while it is the intention and expectation of the U.S. Government to deliver the commodities during U.S. Fiscal Year 1977, it is possible the limitations on PL 480 expenditures could necessitate delivery of some commodities in FY 1978 in accordance with Article I,B,2 in Part I of this Agreement.

5. In all cases wheat is to be purchased from private U.S. suppliers with actual prices agreed upon between buyer and seller but subject to review by USDA.

6. The Government of Jordan will need to designate a person or persons in the U.S. authorized to sign on its behalf all documents relating to the implementation of the Agreement. These persons will work with U.S. Government representatives in making arrangements for the contracting, transportation, financing, etc. involved in procuring and shipping the wheat.

7. In addition, the Government of Jordan will need to designate persons or agencies to consult with USAID/Jordan with regard to (a) commodity arrival and off-loading information, (b) marking or identifying and publicizing arrivals, (c) usual marketing requirements and export limitation, (d) information on deposits of local currencies, (e) carrying out self-help measures, (f) reconciliation of accounts, including principal and interest payments, and (g) currency use payments.

8. The United States Department of Agriculture (USDA) will need to approve the U.S. Agents appointed by the Government of Jordan to handle procurement and transportation, and should receive a copy of the agreement between the Government of Jordan and their agent. The USDA will wish to receive the agreement prior to the issuance of purchase authorization.

9. The Usual Marketing Requirement of 42,000 m.t. of wheat/wheat flour on a grain basis specified in Part II of the Agreement is the minimum quantity to be imported into Jordan through normal commercial channels. This amount must be imported even though the full allotment of Title I Wheat is not utilized. Quantities imported from USSR, Peoples Republic of China, Eastern Europe (except Poland and Yugoslavia), Cuba, North Vietnam and North Korea, wheat imported under PL 480 or grants from U.S. or other sources cannot be counted toward UMR.

10. Should the U.S. Government authorize and finance deliveries of Title I commodities to extend beyond the supply period specified in Part II of the Agreement, Jordan will be required (Article III,A,1) to maintain the UMR at the same rate again for the subsequent comparable period.

11. The proposed Title I Wheat sales are provided for the purpose of meeting the requirements of Jordan and not to permit an increase in exports of the same or like commodities. Any export of the same or like commodities cannot be permitted unless specifically agreed to by the U.S. Government with the exception of traditional exports to the northern parts of Saudi Arabia in accordance with item IV,C, of Part II of the Agreement. The U.S. negotiators noted reports that some wheat was being exported to Saudi Arabia on an unofficial basis but expressed their appreciation for the Government of Jordan measures designed to minimize this flow. Defense Order No. 8 was recently issued prohibiting the movement of wheat within Jordan, and in particular to the border villages, without the written approval of the concerned Government of Jordan authorities.

12. Failure to comply with the provisions of Article III,A, of the Agreement or with any other requirement of the Agreement, could result in withholding issuance of purchase authorizations. It further would be taken into account in consideration of New PL 480 agreements. If the violation involves prohibited exports, remedy may take form of dollar payment to the U.S. Government to the extent of the value of the violation. Or alternatively, the U.S. could require the purchase and importation, on a commercial basis from the United States, of an equivalent amount of such exports. These additional imports would be over and above the UMR.

13. As provided in the Agreement approximately fifty percent of the tonnage of wheat purchased under the Agreement shall be shipped in privately-owned U.S. flag commercial vessels. USDA approval of all bookings and charters of U.S. and non-U.S. flag vessels must be obtained in advance of freight contract being finalized. In response to a Government of Jordan question of whether this requirement could be waived under certain circumstances, Government of Jordan negotiators were informed that instructions from Washington indicated this would not be possible.

14. The U.S. Government will take the following conditions into consideration in determining the timing and terms and conditions of the issuance of Purchase Authorization: (a) availabilities of commodities, (b) crop years of USA and Jordan, (c) availability of ocean shipping space, (d) ability of Jordan to receive the commodity, (e) market implications and (f) the overall interest of the U.S. Government.

15. Extension of terminal contracting and delivery dates as a general rule are not made. If *force majeure* or other causes beyond the control of the buyer or seller prevent the completion of deliveries within the specified period, the USDA may consider a request for extension of the delivery period. Such a request should be in writing and supported by facts which establish justification for the extension.

16. The U.S. Government reserves the right to cancel the undelivered balance of Purchase Authorizations at any time that a commodity is determined no longer to be available for PL 480 programs, even if it is included in the commodity list in Part II of the sales agreement.

17. The Agreement provides that in addition to a 5% "initial payment," the Government of Jordan is required to pay another 5% to the U.S. Government when requested as a "currency use payment" (CUP). In connection with these payments, Government of Jordan was advised that the 5% initial payment is a cash down payment that the Government of Jordan pays directly to the supplier at the time of purchasing the wheat. Thus the U.S. Government finances 95% of the value of the wheat. The 5% currency use payment, collected under the Agreement, is applied by the U.S. Government to installments due under the Agreement, giving effect of delaying any dollar repayment until all the CUP is applied. CUP is applied first to payments of interest due under the grace period and then to principal and interest installments. As of installment due dates, full interest credit is given to CUP, payments already made by Government of Jordan which have not yet been applied to cover installments. These are the same provisions as were applicable under previous Title I PL 480 agreements with Government of Jordan.

18. The administration of Jordan Dinars generated under the agreement will be in accordance with the provisions of Part I, Article,II,F of the Agreement. In addition Government of Jordan will furnish the U.S. Government through USAID/Jordan with statements and certification of the receipt and expenditure of the proceeds. Despite the seeming ambiguity between Part I, Article,II,F and Part II, Section VI, of the Agreement regarding the definition of "proceeds," the Agreement requires that the Government must apply to the economic development purposes set forth in Part II of the Agreement an amount not less than the Jordanian Dinar equivalent of the U.S. Government disbursements in financing the commodities, excluding of course any ocean freight differential which may be paid by the U.S. Government as well as the currency use payments made by the Government of Jordan. The Agreement does not require the establishment of a special account or prescribe any other specific accounting arrangements.

19. The Government of Jordan however will prepare an annual report showing the progress made in implementing the programs described in Item V of Part II of the Agreement. This report will be forwarded to USAID/Jordan on November 30, of each year. Although the report is prepared prior to end of year, it should cover the achievements for the whole year to the extent possible.

20. The reports required by the provision of Part I, Article III, Section D, of the Agreement which relates to the usual marketing and the resale, diversion and transshipment of PL 480 commodities will be submitted to USAID/Jordan on a timely basis and will be governed by USDA forms, procedures, and regulations.

For the Government
of the Hashemite Kingdom of Jordan:

[Signed]

MARWAN S. KASIM
Minister of Supply

For the Government
of the United States of America:

[Signed]

THOMAS R. PICKERING
U.S. Ambassador
