

No. 16317

**UNITED STATES OF AMERICA
and
GUINEA**

Agreement for sales of agricultural commodities (with memorandum of understanding). Signed at Conakry on 21 April 1976

Authentic texts: English and French.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
GUINÉE**

Accord en vue de la vente de produits agricoles (avec mémorandum d'entente). Signé à Conakry le 21 avril 1976

Textes authentiques : anglais et français.

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 REPUBLIC OF GUINEA FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Republic of Guinea,

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Republic of Guinea (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;

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.

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

¹ Came into force on 21 April 1976 by signature, in accordance with part III (B).

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.

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. 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.

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 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 obligation to reimburse the Government of the exporting 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 initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that portion 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. *Currency Use Payment*

The Government of the importing country shall pay, or cause to be paid, upon demand by the Government of the exporting country in amounts as it may determine, but in any event no later than one year after the final disbursement by the Commodity Credit Corporation under this agreement, or the end of the supply period, whichever is later, such payment as may be specified in Part II of this agreement pursuant to Section 103 (b) of the Act (hereinafter referred to as the Currency Use Payment). The Currency Use Payment shall be that portion of the amount financed by the exporting country equal to the percentage specified for Currency Use Payment in Part II. Payment shall be made in accordance with paragraph H and for purposes specified in Subsections 104 (a), (b), (e), and (h) of the Act, as set forth in Part II of this agreement. Such payment shall be credited against (a) the amount of each year's interest payment due during the period prior to the due date of the first installment payment, starting with the first year, plus (b) the combined payments of principal and interest starting with the first installment payment, until the value of the Currency Use Payment has been offset. Unless otherwise specified in Part II, no requests for payment will be made by the Government of the exporting country prior to the first disbursement by the Commodity Credit Corporation of the exporting country under this agreement.

C. *Type of Financing*

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

D. *Credit Provisions*

1. 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 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.

The 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 principal may be made prior to its due date.

2. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year shall be paid as follows:

a. In the case of Dollar Credit, interest shall begin to accrue on the date of last delivery of these commodities in each calendar year. Interest shall be paid not later than the due date of each installment payment of principal, except that if the date of the first installment is more than a year after such date of last delivery, the first payment of interest shall be made not later than the anniversary date of such date of last delivery and thereafter payment of interest shall be made annually and not later than the due date of each installment payment of principal.

b. In the case of Convertible Local Currency Credit, interest shall begin to accrue on the date of dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in each calendar year, except that if the installment payments for these commodities are not due on some anniversary of such date of last delivery, any such interest accrued on the due date of the first installment payment shall be due on the same date as the first installment and thereafter such interest shall be paid on the due dates of the subsequent installment payments.

3. For the period of time 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.

E. *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 provided for in this agreement as follows:

1. 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.
2. 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.

F. *Sales Proceeds*

The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this agreement, to be applied to the economic development purposes set forth in Part II of this agreement, shall be not 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 Currency Use Payment, if any, made by the Government of the importing country. 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 non-governmental 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 procedure, 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 case of expenditures the budget sector in which they were used.

G. *Computations*

The computation of the Initial Payment, Currency Use Payment and all payments of principal and interest under this agreement shall be made in United States dollars.

H. *Payments*

All payments shall be in United States dollars or, if the Government of the exporting country so elects,

1. the payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the Government of the exporting country for payment of its obligations or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement; or
2. the payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III, G, of this agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted to United States dollars at the same rate, or used by the Government of the exporting country for payment of its obligations or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement in the importing country.

Article III

A. *World Trade*

The two Governments shall take maximum 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 steps to assure that the exporting country obtains a fair share of any increase in commercial purchases of agricultural commodities by the importing country;
3. 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
4. take all possible measures to prevent the export of any commodity of either domestic or foreign origin, which is defined in Part II of 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 the provisions of 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 supply period specified in Part II, Item I, of this agreement and any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized:

1. the following information in connection with each shipment of commodities under the agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; and the condition in which received;
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 by country of origin and exports by country of 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 on the amounts financed with respect to the commodities delivered [to] 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. *Definitions*

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 in effect on the date of payment by the importing country which is not less favorable to the Government of the exporting country than the highest exchange rate legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest exchange rate 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 arrangements carried out pursuant to this agreement.

I. *Identification and 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 in the same manner as provided for in Subsection 103(1) of the Act.

PART II. PARTICULAR PROVISIONS

Item I. COMMODITY TABLE

<i>Commodity</i>	<i>Supply Period (U.S. Fiscal Year)</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value (Millions)</i>
Wheat Flour	1976	7,500	\$1.66
Rice	1976	10,000	\$2.80
Soybean Oil	1976	2,000	\$1.05
		TOTAL	\$5.51

Item II. PAYMENT TERMS

Convertible Local Currency Credit

1. Initial Payment — 5 percent
2. Currency Use Payment — None
3. Number of Installment Payments — 25 equal annual amounts
4. Amount of Each Installment Payment — Approximately equal annual amounts

5. Due Date of First Installment Payment — 6 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

<i>Commodity</i>	<i>Import Period (U.S. Fiscal Year)</i>	<i>Usual Marketing Requirements (Metric Tons)</i>
Wheat Flour	1976	4,700
Rice	1976	5,000
Edible Vegetable Oil/Oilseeds (in oil equivalent)	1976	1,900

[Item] IV. EXPORT LIMITATIONS

A. The export limitation period shall be United States Fiscal Year 1976 or any subsequent United States Fiscal Year during which commodities financed under this agreement are being imported or utilized.

B. For the purpose of Part I, Article III, A, 4, of the agreement, the commodities which may not be exported are: for wheat flour — wheat, wheat flour, rolled wheat, semolina, farina or bulgur (or the same product under a different name); for rice — rice in the form of paddy, brown or milled; and for soybean oil — all edible vegetable oils including peanut oil, soybean oil, cottonseed oil, rapeseed oil, sunflower oil, and sesame oil, and all oilseeds and beans from which these oils are produced.

[Item] V. SELF-HELP MEASURES

A. The Government of Guinea agrees to

1. request the assistance of appropriate international organizations to design programs and policies to stabilize the economy and provide production incentives to farmers;
2. increase efforts to stabilize price fluctuations and reduce losses to farmers through improved marketing priorities and storage facilities;
3. accelerate applied research on food crops and assure that information on improved varieties, fertilizer requirements and cropping practices are disseminated to the producers;
4. strengthen the training of mid-level officials in vocational education and agricultural technology to emphasize the development potential of rural areas.

B. 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.

[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 Item V and for the sectors described in the Government of Guinea's Development Plan for the National Economy.

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.

PART III. FINAL PROVISIONS

A. This agreement may be terminated by either Government by notice of termination to the other Government for any reason, and by the Government of the exporting country if it should determine that the self-help program described in the agreement is not being adequately developed. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

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 Conakry, in duplicate, this 21st day of April 1976.

For the Government
of the United States of America:

[Signed]

WILLIAM C. HARROP
Ambassador of the United States
of America

For the Government
of the Republic of Guinea:

[Signed]

MOUSSA DIAKITE
President, State Committee for
Cooperation with the Americas and
International Organizations

MEMORANDUM OF UNDERSTANDING RELATING TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF GUINEA FOR SALES OF AGRICULTURAL COMMODITIES IN FISCAL YEAR 1976

In implementation of the Agreement Between the Government of the United States of America and the Government of the Republic of Guinea for Sales of Agricultural Commodities in Fiscal Year 1976 (hereinafter referred to as the Agreement) the Government of the United States of America and the Government of the Republic of Guinea have noted and agreed as follows:

I. COMMODITIES

Previous Agreements for the Sales of Agricultural Commodities were concluded on the following dates: February 2, 1962¹ (and the amendments thereto of May 3, 1962² and June 29, 1962³); May 22, 1963⁴ (and the amendments thereto of November 2, 1963;⁵ July 1 and July 11,

¹ United Nations, *Treaty Series*, vol. 435, p. 35.

² *Ibid.*, vol. 451, p. 341.

³ *Ibid.*, vol. 458, p. 364.

⁴ *Ibid.*, vol. 487, p. 251.

⁵ *Ibid.*, vol. 494, p. 362.

1964,¹ and September 18, 1965²); June 13, 1964³ (and the amendments thereto of October 7, 1964³ and December 21, 1964³); February 4, 1966;⁴ October 18, 1967;⁵ February 3, 1969;⁶ May 6, 1970; August 8, 1970,⁷ March 12, 1971;⁸ June 17, 1971⁹ (and the amendment thereto of May 15 and 23, 1972¹⁰); March 15, 1973¹¹ (and the amendment thereto of March 30 and April 11, 1973¹¹); May 8, 1974¹² (and the amendments thereto of May 24, 1974;¹² June 13 and 14, 1974¹²) and May 8, 1975.¹³

Under the terms of these Agreements the people of the United States of America have extended food assistance to the people of the Republic of Guinea for 13 years, from 1962 to 1975, valued at \$59.6 million. Wishing to maintain and strengthen the relations between the peoples of the United States of America and the Republic of Guinea the two Governments have entered into the Agreement whereby,

The Government of the United States of America as stated in Part I, Article I (A) of the Agreement undertakes to finance the sales of agricultural commodities to the Government of the Republic of Guinea on a concessional basis in quantities specified in Part II of the Agreement. Commodities so furnished under the Agreement shall be considered as supplementing Guinean national production in a transitional period to greater national food self-sufficiency.

II. REPORTING

A. In order that the two partners may be informed of the status of the program, and in order to implement the provisions of the Agreement, the Government of the Republic of Guinea acknowledges the following reports which must be submitted to AID by the Government of the Republic of Guinea, noting the dates due for each report:

<i>Date Due</i>	<i>Reporting Schedule</i>	<i>Report</i>
January 15	Compliance Report Covering	October-December
April 15	Compliance Report Covering	January-March
July 15	Compliance Report Covering	April-June
October 15	Compliance Report Covering	July-September
December 1	Self-Help Report	
December 1	Receipt and Expenditure of	Proceeds
Upon Completion of Unloading of Each Ship	Shipping and Arrival Report	

B. Acknowledging its obligations for complete and timely compliance reporting, the Government of the Republic of Guinea agrees to furnish during the course of present negotiations the following reports requested by the Embassy in Diplomatic Notes:

—No. 029 Report on the Supply, Distribution and Importation of rice, wheat flour and vegetable oil.

—No. 030 Report on the Accumulation and Use of Sales Proceeds from the Title I PL 480 Program.

¹ United Nations, *Treaty Series*, vol. 531, p. 408.

² *Ibid.*, vol. 574, p. 256.

³ *Ibid.*, vol. 531, p. 263.

⁴ *Ibid.*, vol. 579, p. 213.

⁵ *Ibid.*, vol. 701, p. 65.

⁶ *Ibid.*, vol. 714, p. 157.

⁷ *Ibid.*, vol. 764, p. 211.

⁸ *Ibid.*, vol. 796, p. 317.

⁹ *Ibid.*, vol. 806, p. 347.

¹⁰ *Ibid.*, vol. 852, p. 322.

¹¹ Registered with the Secretariat of the United Nations on 22 June 1982 under No. I-21085.

¹² United Nations, *Treaty Series*, vol. 953, p. 277.

¹³ *Ibid.*, vol. 1049, p. 87.

—No. 036 Report on Agricultural Production.

—No. 037 Report on the Balance of Payments.

C. In addition, the Government of the Republic of Guinea has acknowledged by its submission of Outturn/Survey Reports, the receipt of 11,405 tons of corn, 2,868 tons of sorghum and 950 tons of corn-soya blend under the PL 480 Title II programs of 1974 and 1975 and agrees to furnish, as required under the documents relating to these programs, the report on the distribution and sales of these commodities. This report shall be submitted prior to the signature of the present Agreement and shall indicate (1) quantities distributed, (2) the place of distribution, (3) the amount of losses in transportation and handling, (4) the sales price of the commodities, and (5) the total amount of local currency generated by the sales, and shall form the basis for the deposit of the proceeds to the special account described in the Title II documents and paragraph 3 of Section III below.

III. USE OF LOCAL CURRENCY PROCEEDS: SELF-HELP REQUIREMENTS

A. With regard to the accumulation and use of proceeds from sales of commodities provided under Title I, the Government of the Republic of Guinea notes in Article II (F) of the Agreement the requirements for an accounting of the use of the proceeds accruing under the Agreement and agrees to furnish a report by December 1, 1976, which indicates (1) the projects for which the proceeds were used, (2) the sites of the projects, (3) the budget sector in Guinea's National Development Plan which these projects come under, and (4) the amount of currency used.

B. The Government of the Republic of Guinea agrees to use the proceeds accruing under the Agreement for the purposes outlined in Part II, Items V and VI, of the Agreement, entitled Self-Help Measures, and for budget sectors related to those purposes, particularly the development of food distribution systems and the extension of better farming methods and market opportunities to small farmers.

C. The Government of the Republic of Guinea further agrees that it shall submit to the Embassy of the United States in Conakry proposals for the use of proceeds generated by Agricultural Commodity Sales Agreements of October 18, 1967; February 3, 1969; May 6, 1970; August 8, 1970; March 12, 1971; June 17, 1971 (and the amendment thereto of May 15 and May 23, 1972); March 15, 1973 (and the amendment thereto of March 30 and April 11, 1973); May 8, 1974 (and the amendments thereto of May 24, 1974; June 13 and 14, 1974); and May 8, 1975; and the funds generated by sales of commodities provided under the PL 480 Title II program of fiscal years 1974 and 1975. The proposals for use of these funds shall be based on projects aimed at promoting economic development, primarily in the agricultural sector, in particular in the regions affected by drought, and towards the purposes described in the Self Help Measures sections of the aforementioned Agreements.

D. The Government of the Republic of Guinea further agrees that in the course of these negotiations it shall deposit in a special account at the Banque Guinéenne du Commerce Extérieur the proceeds accruing to it from the sale of commodities provided under the United States PL 480 Title II program for fiscal years 1974 and 1975, as stipulated in the official documents relating to these programs. It is the understanding of both Governments that these proceeds shall be employed first to pay transportation and handling costs incurred during the distribution of the commodities and second, in development projects to aid recovery in the drought affected regions.

IV. PAYMENTS

A. In recognition of the undertakings of the Government of the United States of America during the period 1967 to 1975 to provide the Government of the Republic of Guinea with agricultural commodities totalling \$38.4 million, the Government of the Republic of Guinea acknowledges the credit provisions of the Agreements of October 18, 1967; February 3, 1969;

May 6, 1970; August 8, 1970; March 12, 1971; June 17, 1971 (and the amendment thereto of May 15 and 23, 1972); March 15, 1973 (and the amendment thereto of March 30 and April 11, 1973); May 8, 1974 (and the amendments thereto of May 24, 1974; June 13 and 14, 1974); and May 8, 1975, and agrees that payments incurred under these concessional sales programs shall be made in full on a timely basis.

B. In recognition of this commitment the Government of the Republic of Guinea acknowledges Embassy notes numbers 032 and 035 and agrees to effect payments mentioned therein to the appropriate agencies of the United States Government and to complete such payments prior to the signature of the Agreement.

C. In addition, the Government of the Republic of Guinea acknowledges diplomatic note number 27 of March 19, 1976 concerning payments due to agencies of the United States Government during the course of calendar year 1976. The Government of the Republic of Guinea undertakes to effect these payments in full according to the schedule of payments provided in note number 27. Both parties recognize that significant benefits are to be derived by all concerned when the program proceeds according to the provisions of the Agreement and note the undesirability of incurring additional charges due to late or incomplete payments.

V. PROVISIONS OF THE AGREEMENT

A. Financial Terms

1. As set forth in Part II, Item II, of the Agreement, financing of the program shall provide for convertible local currency credit terms of 30 years credit, including a six-year grace period, with interest rates of two percent during the grace period and three percent thereafter.

2. The Government of the Republic of Guinea agrees to pay the initial payment specified in Part II of the Agreement. This payment shall be a total of five percent of the purchase price (\$275,500) to be made in United States dollars in accordance with the applicable purchase authorization.

B. Identification

1. In view of the efforts of the Government of the United States of America to assist the Government of the Republic of Guinea providing food commodities on a concessional basis; in recognition that this assistance has continued for 13 years providing \$59.6 million in concessional sales of agricultural commodities; being desirous of promoting increased goodwill between the people of the United States of America and the people of the Republic of Guinea; with reference to the Agreement under consideration; and in recognition of Part I, Article III, Item I, of the Agreement,

The Government of the United States of America and the Government of the Republic of Guinea agree to undertake a program of identification and publicity of the Agreement including the following:

- a) Upon signature of the Agreement both parties will issue a joint communiqué detailing the signing of the Agreement, including the amounts of commodities to be provided.
- b) The text of this communiqué shall be broadcast over the national radio network of the Republic of Guinea, *the Voice of the Revolution*, not later than twenty-four hours after the signing of the Agreement.
- c) The text of the communiqué shall be published in *HOROYA*, the central organ of the Parti-Etat de Guinée not later than two weeks following the signing of the Agreement and shall be accompanied by an article noting the United States commodity assistance to the Republic of Guinea over the period 1962 to 1975 which is provided on the basis of the friendship between the peoples of the Republic of Guinea and the United States of America.
- d) The text of the communiqué shall be published in the Bulletin of the Embassy of the United States of America in Conakry accompanied by an article noting the United States

commodity assistance to the Republic of Guinea over the period 1962 to 1975 which is provided on the basis of the friendship between the peoples of the Republic of Guinea and the United States of America.

e) In the issuance of bids for provision of the commodities to be financed under the Agreement, the Government of the Republic of Guinea agrees that food commodities shall be marked as being provided on a concessional basis to the people of Guinea by the people of the United States of America. In addition, the Government of the Republic of Guinea, insofar as practicable, will insure that such identification is made at the point of sales of the commodities.

C. In order to fully implement items *a, b, c, d,* and *e* above, the Government of the Republic of Guinea agrees to report on a periodic basis on the measures taken to carry out identification of the Agreement. These reports shall be included as part of the quarterly Compliance Reports (Part II (A) of the Memorandum of Understanding) and shall detail the measures taken by the Government to identify the commodities provided under the Agreement as being provided to the people of Guinea by the people of the United States of America.

D. Usual Marketing Requirements (UMR's)

1. The Government of the Republic of Guinea notes in Part II, Item III, of the Agreement the provision for a Usual Marketing Requirement of the following:

Rice	5,000 MT
Wheat flour	4,700 MT
Vegetable oils	1,900 MT

2. The Usual Marketing Requirement for each commodity represents an average of commercial imports of the Republic of Guinea over the past five years. The UMR complies with Section 103 (c) of PL 480 which requires that in negotiating PL 480 Title I Agreements the President of the United States of America shall take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under Title I will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries.

Therefore, the Government of the United States of America wishes to point out and the Government of the Republic of Guinea acknowledges the following:

- (a) The UMR for each commodity is presumed to be the minimum quantity that would be imported through normal commercial channels in the absence of a Title I sales agreement and, therefore, must be imported commercially even though the full allotment under Title I is not utilized.
- (b) Purchases against the UMRs are to be financed by the Government of the Republic of Guinea from its own resources (not including AID financing). Imports from the USSR, Peoples Republic of China, Eastern Europe (except Poland and Yugoslavia), Cuba, Vietnam and North Korea, commodities imported under PL 480, or grants received from the United States or other sources cannot be counted towards the UMRs.
- (c) Should the United States Government authorize and finance deliveries of Title I commodities to extend beyond the supply period specified in Part II of the Agreement, the importing country will be required according to Article III, A (1), of the Agreement to maintain the same UMR for the subsequent comparable period. If a UMR different from that established in the Agreement is deemed appropriate, the Agreement may be amended.

3. In view of the Usual Marketing Requirement the Government of the United States of America wishes to inform the Government of the Republic of Guinea that short term commercial credit (6 to 36 months) is available through the Commodity Credit Corporation (CCC) Export Credit Sales Program to foreign buyers purchasing U.S. agricultural commodities. This source of financing may be used to purchase the usual marketing

requirements. Credit is initially extended by the Foreign Agricultural Service, USDA, to U.S. exporters to help them move a greater volume of sales than they could otherwise be able to do by conventional private financing. A letter of credit is opened in favor of CCC credit and after shipment of a commodity, the U.S. exporter sells the account receivable to the Treasurer of the CCC. In this process the deferred payment benefit and credit obligations are transferred to the foreign buyer.

Financing is limited to the full export value of the commodity (FOB or FAS basis) and payments are due 12 months from the on board bill of lading date in equal annual payments of principal and accrued interests. If the term of credit is less than one year then the total is due and payable at the end of the credit period. The key assurance document to CCC financing is the irrevocable letter of credit from either an approved foreign or U.S. bank. A foreign bank letter of credit opened in favor of the Treasurer of CCC must be confirmed for at least 10 percent of the value by a U.S. bank. The interest rates charged for CCC financing are adjusted periodically to reflect a proper relation to U.S. bank rates, the costs of money to CCC, and credit rates offered by competing foreign suppliers. The Department of Agriculture issues monthly press releases announcing current interest rates and the list of commodities eligible for short term financing.

As the CCC Export Credit Sales Program services commercial trade requirements and aims only at expanding commodity exports, the cargo requirements of the U.S. cargo preference legislation (PL 664) do not apply to the resulting exports. Foreign buyers are free to select ocean carriers.

E. *Cost and Value*

1. The export market values of commodities shown in Part II of the Agreement represent the total amount for which purchase authorizations may be issued and include the initial payment. The quantities of commodities shown in Part II of the Agreement are approximations based on current estimates of export market prices. It should be understood that changes in market prices may take place after negotiations have begun which will result in an increase or decrease in the quantity of the commodity procurable with the dollar amounts under negotiation.

In view of current fiscal year limitations on overall commodity and PL 480 funding availabilities, the Government of the United States of America wishes to call particular attention of the Government of the Republic of Guinea to Article I (e) of Part I of the Agreement which provides that the export market value specified in Part II may not be exceeded. This means that, if commodity prices increase over those used in determining the quantities and market values indicated in Part II of the Agreement, the quantity to be financed under the agreement will be less than the appropriate maximum quantity set forth in Part II. Should commodity prices decrease, however, the quantities of commodities to be financed will be limited to those specified in Part II. Also if supply problems and limitations on PL 480 expenditures arise in FY 1976, it may become necessary to withhold some shipments during the supply period. Such actions can be taken pursuant to Part I, Article III, of the Agreement, which is a standard provision included in all Agreements to cover a point required by statute. Although such action does not now appear probable, the Government of the Republic of Guinea acknowledges this provision in the event the United States Government is unable to implement fully the amounts provided for in the sales agreement. In all cases, commodities are purchased from private U.S. suppliers and actual prices are agreed upon between buyers and sellers (subject to price review by USDA).

F. *Exports*

The commodities provided in the Agreement are for the purpose of helping to meet the food requirements of the Republic of Guinea and are not for the purpose of permitting an increase in exports of the same or like commodities as defined in the Agreement. Any exports of the same

or like commodities, either of indigenous origin or foreign origin, accordingly, cannot be permitted unless specifically agreed to by the U.S. This is specifically covered in Part I, Article III, A (4), and Part II, Item IV, of the Agreement.

G. *Violations*

The Government of the United States of America and the Government of the Republic of Guinea note that failure to comply with the provisions of Part I, Article III (A) of the Agreement or failures to comply with any other requirement of the Agreement, could result in withholding issuance of purchase authorizations and would be taken into account in consideration of new PL 480 agreements unless the situation is remedied. 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 the purchase and importation, utilizing the importing country's own resources, on a commercial basis from the United States, an equivalent amount of such excess exports. These additional imports must be over and above the UMR.

H. *Purchase Authorizations*

The Government of the Republic of Guinea notes that purchase authorizations issued under the Agreement will contain requirements that invitations for bids for both commodity and freight must be submitted to FAS/USDA/Washington for review and approval prior to their release to prospective bidders. The primary purpose of this requirement is to enable USDA to ensure that invitations do not contain terms or conditions which may be in conflict with PA terms and PL 480 financing regulations. Prior review of invitations will also give USDA specialists opportunity to provide advice and assistance in assuring realistic commodity delivery schedules in order to allow maximum flexibility in matching available shipping to commodity contracts.

VI. GENERAL CONSIDERATIONS

A. Prior to the signature of the Agreement, the Government of the Republic of Guinea informed the Embassy of the United States of America in Conakry of the individuals or agencies in the Government of the Republic of Guinea responsible for, and with whom representatives of the United States Government may consult, concerning

- 1) Commodity arrival and offloading information.
- 2) Marking and identifying of commodities.
- 3) Publicizing arrivals.
- 4) Assurances against resale and transshipment.
- 5) Compliance with Usual Marketing Requirements and Export Limitations.
- 6) Generation and use of currencies arising from convertible local currency credit sales.
- 7) Carrying out self-help measures.
- 8) Reconciliation of accounts, including principal and interest payments.

B. The Government of the United States of America informs the Government of the Republic of Guinea that it will be necessary to designate one or more persons in the United States to consult with representatives of the United States Government to discuss the rules and procedures applicable to procurement, financing, reporting, and ocean transportation, because of the complications involved in connection with the implementation of all the provisions of the Agreement. This consultation must be completed before any purchase authorizations are issued. A designated person in the United States should be authorized to sign all documents relating to the implementation of the Agreement.

C. Furthermore, the Government of the United States of America informs the Government of the Republic of Guinea that if it engages the services of an individual or firm as its

agent to handle the procurement of the commodities and/or ocean shipping, such agent must be approved by the United States Department of Agriculture. A copy of the written agreement between the Government of the Republic of Guinea and the United States agent must be submitted to USDA for approval. Such approval should be obtained prior to the issuance of the applicable purchase authorizations.

VII. DELIVERY

A. In view of the responsibility of the Embassy of the United States in Conakry for execution of the Agreement on the part of the Government of the United States of America, the Government of the Republic of Guinea agrees to provide access to the port of Conakry throughout the duration of delivery of commodities under the Agreement, to Embassy personnel charged with operational responsibility for the Agreement (including the Economic/Commercial Officer, the Consul, and the representative of AID).

B. With regard to delivery of soybean oil under the Agreement, in view of past difficulties the Embassy of the United States of America recommends that shipment of such oil be made in sealed drums.

C. The Government of the Republic of Guinea recognizes the necessity of the expeditious discharging of commodities provided under the Agreement and to this end, per Item VI (B) above, will formulate a delivery schedule making the most judicious use of port, transport and storage facilities. Discharging of the cargo shall be accomplished as rapidly as possible on a twenty-four hour basis, weather permitting. In addition, special care shall be taken to ensure the integrity of the shipments against any loss.

VIII. CONCLUSION

This Memorandum of Understanding shall enter into force upon signature of the Agreement Between the Government of the United States of America and the Government of the Republic of Guinea for Sales of Agriculture Commodities. Signed this 21st day of April 1976 at Conakry, Republic of Guinea.

[Signed]

For the Government
of the United States of America:

DAVID BRYAN DLOUHY
Economic and Commercial Attaché
Embassy of the United States of America

[Signed]

For the Government
of the Republic of Guinea:

MOUNTAGA KEITA
Director, AID Division
State Committee for Cooperation with the
Americas and International Organizations