

No. 16637

**UNITED STATES OF AMERICA
and
GUINEA**

**Agreement for the sale of agricultural commodities under
the U.S. Food for Peace Program PL 480 Title I (with
memorandum of understanding). Signed at Conakry on
22 September 1976**

Authentic texts: English and French.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
GUINÉE**

**Accord en vue de la vente de produits agricoles sous le Pro-
gramme des États-Unis d'Amérique Nourriture pour la
Paix PL 480 titre I (avec mémorandum d'entente). Signé
à Conakry le 22 septembre 1976**

Textes authentiques : anglais et français.

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

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF GUINEA FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER THE U.S. FOOD FOR PEACE PROGRAM PL 480 TITLE I

The Government of the United States of America and the Government of the Republic of Guinea have agreed to the sale of the agricultural commodity specified below. This Agreement shall consist of the Preamble, Parts I and III of the Agreement for the Sale of Agricultural Commodities under PL 480 Title I signed April 21, 1976,² and the following Part II:

PART II. PARTICULAR PROVISIONS

Item I. COMMODITY TABLE

Commodity	Supply period (U.S. Fiscal Year)	Approximate Maximum Quantity (Metric Tons)	Maximum Export Market Value (Millions)
Rice	1977	10,000	\$2.4

Item II. PAYMENT TERMS:

Convertible Local Currency Credit

1. Initial payment—5 percent
2. Currency use payment—None
3. Number of installment payments—25
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

Commodity	Import Period (U.S. Fiscal Year)	Usual Marketing Requirements (Metric Tons)
Rice	1977	5,000

Item IV. EXPORT LIMITATIONS

A. The export limitation period shall be U.S. Fiscal Year 1977 or any other subsequent U.S. 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 rice—rice in the form of paddy, brown or milled.

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

¹ Came into force on 22 September 1976 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 1072, No. I-16317.

poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Guinea agrees to:

1. accelerate the planning and construction of needed grain storage facilities with specific quantity targets to be established by June 30, 1977. Separate targets should be set for port areas, terminal locations, market centers and regional commercial enterprises;
2. continue efforts to improve incentives to farmers to increase rice production;
3. request the assistance of appropriate organizations to strengthen the extension service to speed dissemination of information;
4. strengthen the programs of collection and dissemination of agricultural production and trade statistics to provide improved data for planning and reporting, especially rice;
5. study and modify as necessary the food procurement and distribution system and to furnish this information in the Quarterly Progress Reports.

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 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.

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

DONE at Conakry, in duplicate, this 22 day of September 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 Americans 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 1977

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 1977 (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, 1962,² and June 29,

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

² *Ibid.*, vol. 451, p. 341.

1962);¹ May 22, 1963² (and the amendments thereto of November 2, 1963;³ July 1 and July 11, 1964;⁴ and September 18, 1965;⁵ June 13, 1964 (and the amendments thereto of October 7, 1964, and December 21, 1964);⁶ February 4, 1966;⁷ October 18, 1967;⁸ February 3, 1969;⁹ May 6, 1970; August 8, 1970;¹⁰ March 12, 1971;¹¹ June 17, 1971¹² (and the amendment thereto of May 15 and 23, 1972);¹³ March 15, 1973 (and the amendment thereto of March 30 and April 11, 1973);¹⁴ May 8, 1974 (and the amendments thereto of May 24, 1974; June 13 and 14, 1974);¹⁵ May 8, 1975,¹⁶ and April 21, 1976.

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 14 years, from 1962 to 1976, valued at \$65.3 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:

REPORTING SCHEDULE	
<i>Date Due</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 the following reports requested by the Embassy:

- (1) Report on the Supply, Distribution and Importation of rice;
- (2) Report on the Accumulation and Use of Sales Proceeds from the Title I PL 480 program (as requested in Note Number 030).

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

¹ United Nations, *Treaty Series*, vol. 458, p. 364.

² *Ibid.*, vol. 487, p. 251.

³ *Ibid.*, vol. 494, p. 362.

⁴ *Ibid.*, vol. 531, p. 408.

⁵ *Ibid.*, vol. 574, p. 256.

⁶ *Ibid.*, vol. 531, p. 263.

⁷ *Ibid.*, vol. 579, p. 213.

⁸ *Ibid.*, vol. 701, p. 65.

⁹ *Ibid.*, vol. 714, p. 157.

¹⁰ *Ibid.*, vol. 764, p. 211.

¹¹ *Ibid.*, vol. 796, p. 317.

¹² *Ibid.*, vol. 806, p. 347.

¹³ *Ibid.*, vol. 852, p. 322.

¹⁴ Registered with the Secretariat of the United Nations on 22 June 1982 under No. I-21085.

¹⁵ United Nations, *Treaty Series*, vol. 953, p. 277.

¹⁶ *Ibid.*, vol. 1049, p. 87.

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 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); May 8, 1975; and April 21, 1976; 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 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 1976 to provide the Government of the Republic of Guinea with agricultural commodities totalling \$44.1 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); May 8, 1975, and April 21, 1976, and agrees that payments incurred under these concessional sales programs shall be made in full on a timely basis.

B. 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 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 14 years providing \$65.3 million in concessional sales of agricultural commodities; being desirous of promoting increased good will 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 provided under the present accord and the Accord of 21 April 1976.
- 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 of Guinea not later than two weeks following the signing of the Agreement.
- d) The text of the communiqué shall be published in the Bulletin of the Embassy of the United States of America in Conakry.
- 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

2. The Usual Marketing Requirement for this 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 this 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 UMR's are to be financed by the Government of the Republic of Guinea from its own resources (not including AID financing). Imports from the USSR, People's 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 UMR's.
- 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 value of the commodity shown in Part II of the Agreement represents the total amount for which purchase authorizations may be issued and includes the initial payment. The quantity of the commodity shown in Part II of the Agreement is an approximation 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.

2. 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.

All tendering for rice under this Agreement must be done by invitations for competitive bids conducted in the United States. Public opening of bids and awards shall be made on the basis of the lowest FAS or FOB vessel bid price for the rice responsive to tender terms. Also freight tenders must be conducted in the United States, with public opening of bids; however, the charterer may retain the right to negotiate.

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. 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 22 day of September 1976 at Conakry, Republic of Guinea.

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]

S. E. M. MOUSSA DIAKITE
President, State Committee for Cooperation with
the Americas and International Organizations