

No. 17734

**UNITED STATES OF AMERICA
and
JORDAN**

**Agreement for sales of agricultural commodities (with
minutes of negotiation). Signed at Amman on 10 Jan-
uary 1978
Amendment to the above-mentioned Agreement**

Authentic texts: English.

*Agreement and certified statement registered by the United States of
America on 17 April 1979.*

**ÉTATS-UNIS D'AMÉRIQUE
et
JORDANIE**

**Accord relatif à la vente de produits agricoles (avec
procès-verbal de négociations). Signé à Amman le
10 janvier 1978
Modification visant l'Accord susmentionné**

Textes authentiques: anglais.

*Accord et déclaration certifiée enregistrés par les États-Unis d'Amérique le
17 avril 1979.*

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF JORDAN FOR SALES OF AGRICULTURAL COMMODITIES UNDER PUBLIC LAW 480, TITLE I, PROGRAM

EMBASSY OF THE UNITED STATES OF AMERICA

The Government of the United States of America and the Government of Jordan have agreed to the sales of agricultural commodities specified below. This agreement shall consist of the Preamble, [and] 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

| Commodity | Supply period (United States Fiscal Year) | Approximate maximum quantity (metric tons) | Maximum export market value (millions) |
|-------------------------------------------|-------------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Wheat/wheat flour (grain basis) | 1978 | 50,000 | \$5.5 |
| TOTAL | | | \$5.5 |

Item II. PAYMENT TERMS (DOLLAR CREDIT)

- A. Initial payment—5 percent.
- B. Currency use payment—10 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

| Commodity | Import period (United States Fiscal Year) | Usual marketing requirements |
|-----------------------------------------------------------|-------------------------------------------------|---------------------------------|
| Wheat/wheat flour (on a grain equivalent basis) | 1978 | 64,000 metric tons |

Item IV. EXPORT LIMITATIONS

A. The export limitation period shall be United States Fiscal Year 1978 or any subsequent United States Fiscal Year during which commodities financed under this Agreement are being imported or utilized.

¹ Came into force on 10 January 1978 by signature, in accordance with Part II, item VI (B).

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 or bulgur (or the same product under a different name), except as provided in C below.

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 1978 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 foodgrain and forage production;
2. Increase output and incomes on small farms (a) in the dryland farming regions through more rapid adoption of known improved technologies for wheat and other dryland crops and (b) in the Jordan Valley by improving irrigation practices, water management and conservation, and developing new techniques to improve irrigation farming;
3. Construction of food storage facilities at terminal or central markets, at interior and assembly markets, and at secondary markets close to consumers, and to improve the marketing system for cereals by expanding storage and handling facilities throughout the country;
4. Increase the availability of credit to small farmers through the allocation of a greater share of available credit funds from institutional sources to this category of borrower;
5. Improve food marketing through a program that includes investment in food handling and storage facilities, stronger application of grades and standards through the promulgation of standardized grade and labeling laws for domestically produced and consumer food products, and dissemination of food marketing information to consumers and producers about quantities being bought, sold or stocked, and prices at various stages in the marketing channels by grade or quality designation;
6. Strengthen Jordan's agricultural extension service 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 10th day of January 1978.

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

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

Date: January 10, 1978

EMBASSY OF THE UNITED STATES OF AMERICA

Representatives of the Government of the United States of America and the Government of the Hashemite Kingdom of Jordan conducted negotiations beginning on January 3, 1978, 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 the commodity, ocean freight, and adequacy of storage facilities. The Government of Jordan agreed to adhere to these requirements which are detailed hereunder:

(A) Purchase authorization will be issued under the agreement only after the Government of Jordan (GOJ) provides USAID/J with the necessary information to enable the Secretary of Agriculture to determine that (1) adequate storage facilities are available in Jordan at the time of export so as to prevent the spoilage or waste of the wheat, and (2) the distribution of the wheat in Jordan will not result in a substantial disincentive to domestic production.

(B) Purchase of wheat under the agreement must be made on the basis of invitations for bid (IFB) publicly advertised in the United States and on the basis of a bid offering which must conform to the IFB. The bid offering must be received and publicly opened in the United States. All awards under IFB's must be consistent with open, competitive, and responsive bid procedures.

(C) The terms of all IFB's (including IFB's for ocean freight) must be approved by the General Sales Management Office/USDA prior to issuance.

4. Commissions, fees or other payments to any selling agent are prohibited in any purchase of wheat under the agreement.

If the Government of Jordan nominates a purchasing agent and/or shipping agent to procure the wheat or arrange ocean transportation under the Agreement, the GOJ must notify the General Sales Manager/USDA in writing of such nomination and provide along with the notification a copy of the proposed agency agreement. All purchasing and shipping agents must be approved by the General Sales Manager's office in accordance with the new Regulatory Standards designed to eliminate certain potential conflicts of interest.

5. The U.S. negotiators informed the Government of Jordan that an assessment of Jordan's capability of receiving, storing and distributing the wheat is required in addition to the operational information outlined below. It is essential that this information be developed prior to the completion of negotiations so that an operational reporting cable may be dispatched to AID/W at least 3 working days (72 hours) prior to the signing of the agreement. Information must include:

- a. Type and grade of wheat to be purchased in accordance with official U.S. standards;
- b. Proposed contracting and delivery schedules;
- c. U.S. Embassy concurrence/comments on above schedules based on assessment of adequacy of Jordan's capability to receive, store, and distribute the wheat to prevent spoilage or waste;
- d. Names and addresses of banks, both U.S. and Jordanian, which will be handling financing operations;
- e. Assurance that appropriate GOJ authorities are prepared to make immediate transfer of funds to cover ocean freight costs and any initial payment (IP) requirements related to contracts to be concluded pursuant to the agreement.

As a general rule, purchase authorization will not be issued by AID/Washington until the U.S. Department of Agriculture (USDA) has received the above information.

6. 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 1978, it is possible the limitations on PL 480 expenditures could affect the quantity of the commodities that could be provided under this agreement in accordance with Article 1-B.2 and 1-E in Part 1 of this Agreement.

7. The Government of Jordan assures the U.S. negotiators that the Jordan Ministry of Supply will relay to the Jordanian Embassy in Washington all instructions, information and authority necessary to enable timely implementation of the agreement, including *a*) wheat specifications; *b*) contracting and delivery periods; *c*) names and addresses of U.S. and Jordanian banks handling transactions (letters of credit for wheat and freight); *d*) authority to request and sign purchase authorizations and other necessary documents; *e*) complete instructions for purchasing wheat and contracting for freight (including the appointment of purchasing and/or shipping agents if applicable); and *f*) instructions to contact Program Operations Division, Office of the General Sales Manager, U.S.D.A. regarding the foregoing.

8. 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.

9. The usual marketing requirement of 64,000 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 U.M.R.

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.

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 the 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.

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 authorizations: (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 10% to the U.S. Government when requested as a “currency use payment” (CUP). In connection with these payments, the 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 10% currency use payment collected under the agreement is applied by the U.S. Government to installments due under the agreement, giving the effect of delaying any dollar repayment until all the CUP is applied. The 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 currency use payments already made by [the] Government of Jordan which have not yet been applied to cover installments.

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 the 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 agriculture and 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 self-help measures 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 the end of the year, it should cover 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]

CHRISTOPHER H. RUSSELL
Director
USAID/Jordan

AMENDMENT TO THE AGREEMENT OF 10 JANUARY 1978¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF
AMERICA AND THE GOVERNMENT OF JORDAN FOR SALES
OF AGRICULTURAL COMMODITIES

By an agreement in the form of an exchange of notes dated at Amman on 15 April 1978, which came into force on 15 April 1978, the date of the note in reply, in accordance with the provisions of the said notes, Part II, item I, of the Commodity Table was amended as follows:

- (1) Under appropriate columns for wheat/wheat flour, delete “50,000” and “5.5” and insert “52,400” and “\$6.3 million” respectively; and
 - (2) Under column entitled “Maximum export market value” delete the total “\$5.5 million” and insert “6.3 million”.
-

¹ See p. 42 of this volume.