

**No. 18008**

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**UNITED STATES OF AMERICA  
and  
SUDAN**

**Agreement for sales of agricultural commodities (with related letters dated 29 November and 16 December 1977). Signed at Khartoum on 24 December 1977**

*Authentic text: English.*

*Registered by the United States of America on 22 October 1979.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
SOUDAN**

**Accord relatif à la vente de produits agricoles (avec lettres connexes en date des 29 novembre et 16 décembre 1977). Signé à Khartoum le 24 décembre 1977**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 22 octobre 1979.*

# AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF THE SUDAN FOR SALES OF AGRICULTURAL COMMODITIES

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The Government of the United States of America and the Government of the Democratic Republic of the Sudan,

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Democratic Republic of the Sudan (hereinafter referred to as the importing country) and with other friendly countries in a manner that will not displace usual marketing 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

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<sup>1</sup> Came into force on 24 January 1978, upon notification by the Government of the Sudan to the Government of the United States of America of the completion of its required constitutional procedures, in accordance with part III (A).

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 subsection 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 payments 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 the 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 no 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 time 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 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);

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 reconciliation of their respective records on the amounts financed with respect to the commodities delivered during each calendar year. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide 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 initiated 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 in 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(l) of the Act.

## PART II. PARTICULAR PROVISIONS

### *Item I. COMMODITY TABLE*

Of the total wheat/wheat flour (100,000 metric tons) approximately 33,250 metric tons of wheat will be taken in wheat flour equivalent (approximately 25,000 metric tons) with an export market value of dols 4.2 million.



| <i>Commodity</i>                                 | <i>Supply period<br/>(U.S. Fiscal<br/>Year)</i> | <i>Approximate<br/>maximum<br/>quantity<br/>(metric tons)</i> | <i>Maximum export<br/>market value<br/>(millions)</i> |
|--|---|---|---|
| Wheat/Wheat flour (grain equivalent basis) ..... | 1978  | 100,000   | Dols, 10.3  |
| Ocean transportation (differential) .....        |   | —   |   |
| TOTAL  |   |   | Dols, 10.3  |

*Item II.* PAYMENT TERMS: CONVERTIBLE LOCAL CURRENCY CREDIT

1. Initial payment: 5 percent.
2. Currency use payment: none.
3. Number of installment payments: 31.
4. Amount of each installment payment: approximately equal annual amounts.
5. Due date of first installment payment: 10 years after date of last delivery of commodities in each calendar year.
6. Initial interest rate: 2 percent.
7. Continuing interest rate: 3 percent.

*Item III.* USUAL MARKETING TABLE

| <i>Commodity</i>                                   | <i>Import period<br/>(U.S. Fiscal Year)</i> | <i>Usual marketing<br/>requirements<br/>(metric tons)</i> |
|--|---|---|
| Wheat/Wheat flour (grain equivalent basis) . . . . | 1978  | 130,000   |

*Item IV.* EXPORT LIMITATIONS

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

B. For the purpose 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 bulgar (or the same product under a different name).

*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 Sudan agrees to:

1. Identify need for an assistance in further development of port facilities for receiving, handling, storage and distribution of agricultural imports;
2. Follow procurement policies that will serve as adequate incentives to farmers to maximize production efforts;
3. Continue programs for building and improvement of farm-to-market roads by identifying priority needs and implementing actions to meet the needs, especially in the southern region;

4. Expand support for agricultural research designed to improve the base for crop diversification and increase crop yields, and develop extension programs toward these objectives; extension workers will be provided low cost but adequate transportation;
5. Expand and improve training programs for agricultural technical personnel, identifying needs for secondary and for university training, and planning to meet these needs;
6. Strengthen outreach capabilities for the delivery of social services such as health, nutrition, and family planning;
7. The modernization of traditional agriculture in the Nuba Mountains area.

*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 the following economic development sectors: agriculture and rural development.

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.

This Agreement shall enter into force upon U.S. Embassy receipt of notification of the completion of the constitutional procedures for ratification required by applicable law of the Democratic Republic of the Sudan.

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

DONE at Khartoum, Sudan, in duplicate, this 24th day of December, 1977.

For the Government  
of the United States of America:

[Signed — Signé]<sup>1</sup>

For the Government  
of the Democratic Republic  
of the Sudan:

[Signed — Signé]<sup>2</sup>

<sup>1</sup> Signed by Donald C. Bergus — Signé par Donald C. Bergus.

<sup>2</sup> Signed by H. El Awad — Signé par H. El Awad.

## RELATED LETTERS\*

## I

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT

November 29, 1977

Dear Sayed Tambour:

As we are about to enter negotiations for a FY 1978, P.L. 480, Title I Wheat Sales Agreement, please permit me to point out a few matters concerning the new Sales Agreement.

1. As you have seen from the draft language of the new Sales Agreement, in order to simplify the length of the new Agreement, the preamble, or beginning, incorporates by reference the preamble, part I (containing general provisions) and part III (containing the final provisions) of the Title I Agreement we signed February 21, 1977.<sup>1</sup> These are standard provisions, applicable to our Title I Agreements anywhere in the world, and are not negotiable.

2. It is understood and agreed to that, of the 100,000 metric tons of wheat requested, your Government wishes approximately 33,250 metric tons of wheat in wheat flour equivalent (approximately 25,000 metric tons of wheat flour with an export market value of \$4.2 million), I am directed, however, to call your attention to article I (E) of part I of the Agreement which provides that the export value specified in part II may not be exceeded. This means that, if commodity prices increase over those used in announcing the quantities and market values covered in part II of the Agreement, the quantity to be financed under the Agreement will be less than the approximate maximum quantity set forth in part II.

3. Once the new Sales Agreement has been signed by our two Governments, purchase authorizations will be issued only after the U.S. Secretary of Agriculture has determined that (a) adequate storage facilities are available in the recipient country at the time of export so as to prevent the spoilage or waste of the commodity<sup>2</sup> in the Sudan will not result in a substantial disincentive to domestic production.

4. Purchases of food commodities under the Agreement must be made on the basis of invitations for bid (IFB) publically advertised in the United States and on the basis of bid offerings which must conform to the IFB. Bid offerings must be received and publically opened in the United States. All awards under IFBs must be consistent with open, competitive, and responsive bid procedures.

5. The terms of all IFBs (including the IFBs for ocean freight) must be approved by the General Sales Manager of the U.S. Department of Agriculture (USDA) prior to issuance.

\* The minutes of the negotiating meeting of Dec. 19, 1977, signed by representatives of the United States and Sudan, concerning the present Agreement contain the following statements:

"8. Assurances were also provided by the Sudanese Government representatives that the arrangements specified in item number 9 of the Machmer to Tombour letter of November 29, 1977, on this subject (copy attached) have been made.

"9. Special note was also made of the information emphasized in item numbers 3, 4, 5, 6, 7, 10 and 12 of the Machmer November 29, 1977, letter (attached), including the modification of item 10 set forth in the Machmer to Tombour letter of December 16, 1977 (copy attached)."

<sup>1</sup> United Nations, *Treaty Series*, vol. 1118, No. I-17307.

<sup>2</sup> Insert the following: "[and that (b) distribution]"

6. Commissions, fees or other payments to any selling agent are prohibited in any purchase of food commodities under the Agreement.

7. If the Government of Sudan nominates a purchasing agent and/or shipping agent to procure commodities or arrange ocean transportation under the Agreement, the Government of Sudan 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 new regulatory standards designed to eliminate certain potential conflicts of interest.

8. During negotiations, the U.S. Embassy must update its assessment of the Sudan's capability to receive, store and distribute commodities and, in consultation with the Government of Sudan, develop the additional 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 Washington at least 72 hours (in addition to U.S. holidays and week-ends) prior to signature of the Agreement. The operational reporting cable, which I will be responsible for writing, must contain the following information:

- (a) The type and grade of commodity to be purchased in accordance with official U.S. standards;
- (b) Proposed contracting and delivery schedules;
- (c) U.S. Embassy comments and concurrence on the above schedules based upon its assessment of the adequacy of the Sudan's capability to receive, store and distribute the commodity to prevent spoilage or waste;
- (d) The names and addresses of banks, both U.S. and elsewhere, which will be handling financing operations; and
- (e) Assurance that the appropriate Government of Sudan authorities are prepared to make immediate transfers of funds to cover ocean freight costs and any initial payment requirements related to contracts to be concluded pursuant to the Agreement.

9. I have also been asked to obtain assurances that arrangements have been made by the appropriate Government of Sudan authorities to relay to the Sudan Embassy in Washington all instructions, information, and authority necessary to enable timely implementation of the Agreement, including (a) commodity specifications; (b) contracting and delivery periods; (c) names and addresses of U.S. and foreign banks handling transactions (Letters of Credit for commodity and freight); (d) authority to request and sign purchase authorizations and other necessary documents; (e) complete instructions/information/authority regarding arrangements for purchasing commodities and contracting for freight (including the appointment of purchasing and/or shipping agents if applicable); and (f) instructions to contract the Program Operations Division, Office of the General Sales Manager, U.S. Department of Agriculture, regarding the foregoing.

10. The Sudan is required to have operative Letters of Credit for one hundred percent of ocean freight charges opened in favor of the supplier of ocean transportation not later than 48 hours prior to the vessel's presentation for loading.

11. Official minutes of negotiation sessions on the proposed P.L. 480, Title I, Agreement should be initialed by both parties and kept on record. Items or issues not appropriate for inclusion in the Agreement may be recorded in the minutes.

12. Reporting is an essential part of the P.L. 480, Title I, program. The Government of the Sudan has the responsibility for the submission of timely reports on compliance, arrival and shipping information (ADP sheets), self-help and use of sales proceeds, as required under the provisions of the Agreement. Therefore, your attention is drawn to article III, D, of the Agreement.

As soon as the Government of the Sudan has determined that the proposed Sales Agreement is acceptable, a day and time for signing the Agreement should be scheduled. However, this day and time should be established far enough in advance to give the Embassy time to cable Washington for the authority to sign. We have to give Washington at least 72 hours, in addition to U.S. holidays and week-ends, between the time of request for authority to sign and the planned date of signing. Thus, for example, if you wished to have the Agreement signed on Thursday, December 8, we would have to notify Washington to that effect by Monday, December 5. I assume your Minister will sign for the Government of Sudan. The U.S. Ambassador will sign for the U.S. Government.

I urge you to schedule a negotiating meeting as soon as possible, to be attended by the appropriate representatives of our two Governments, and to let me know the timing of that meeting. I am enclosing extra copies of this letter in order to expedite that process. You already have copies of the draft Sales Agreement.

Thank you very much.

Sincerely,

[Signed]

FREDERICK E. MACHMER, Jr.

Sayed Abu Bakr Tambour  
Senior Inspector for Supply  
Ministry of Commerce and Supply  
Khartoum

## II

December 16, 1977

Dear Sayed Tambour:

With reference to my letter to you dated November 29, 1977, concerning our negotiations for a P.L. 480, Title I, Agreement for 100,000 metric tons of wheat, I have received from my Washington headquarters one change in that letter which I must bring to your attention.

The change applies to item 10 (page 24) of that November 29 letter. Please substitute for the entire language of that item the following:

“10. *Operational considerations.* Commodity suppliers are now refusing to load vessels when acceptable Letters of Credit for both commodity and freight suppliers are not available at the time of loading. This has resulted in costly claims by vessel owners for demurrage and/or detention claims and carrying charges by commodity suppliers: delays in opening Letters of Credit and settlement of final ten percent of freight will also result in higher commodity prices and freight rates. I need, therefore, to obtain assurances from you during the negotiations that appropriate measures will be taken to ensure that operable Letters of Credit for both commodity and freight will be opened and confirmed by designated U.S. banks immediately

after contracting under each purchase authorization is concluded, and before vessels arrive at loading ports. With particular regard to ocean freight, you should be advised that Letters of Credit for one hundred percent of ocean freight charges must be opened in favor of the supplier of the ocean transportation prior to the vessel's presentation for loading."

I am finally directed to emphasize to you now and during the negotiations the importance that Washington attaches to the problem.

Thank you very much.

Sincerely,

[Signed]

FREDERICK E. MACHMER, Jr.

Sayed Abu Bakr Tambour  
Senior Inspector for Supply  
Ministry of Commerce and Supply  
Khartoum