No. 18646

UNITED STATES OF AMERICA
and
GHANA

Agreement for sales of agricultural commodities (with official agreed minutes). Signed at Accra on 9 February 1979

Authentic text: English.

Registered by the United States of America on 18 April 1980.

ÉTATS-UNIS D'AMÉRIQUE
et
GHANA

Accord relatif à la vente de produits agricoles (avec procès-verbal convenu). Signé à Accra le 9 février 1979

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 18 avril 1980.

AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF GHANA FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of Ghana,

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Government of Ghana (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
2. The availability of the specified commodities at the time of exportation.

[1] Came into force on 9 February 1979 by signature, in accordance with part III(A).

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 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 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 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).
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 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 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:

Commodity	*Supply Period (U.S. Fiscal Year)*	*Approximate Maximum Quantity (Metric Tons)*	*Maximum Export Market Value (Millions)*
Wheat/Wheat Flour (Grain Equivalent Basis)	1979	38,000	$ 5.9
Rice	1979	10,000	2.8
Corn/Sorghum	1979	10,000	1.3
		TOTAL	$10.0

Item II. PAYMENT TERMS:

Convertible Local Currency Credit (40 years)

1. Initial Payment—5 percent.
2. Currency Use Payment—10 percent for Section 104(*a*) purposes.
3. Number of Installment Payments—31.
4. Amount of Each Installment Payment—Approximately equal annual installments.

5. Due Date of First Installment Payment—10 years from 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:

Commodity	*Import Period (U.S. Fiscal Year)*	*Usual Marketing Requirement (Metric Tons)*
Wheat/Wheat Flour (Grain Equivalent Basis)	1979	82,000
Rice	1979	16,000
Feedgrains	1979	24,400

Item IV. EXPORT LIMITATIONS:

A. The export limitation period shall be U.S. Fiscal Year 1979 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 bulgur (or the same product, under a different name); for rice—rice in the form of paddy, brown or milled; and for feedgrains—corn, sorghums, barley, oats and rye, including mixed feed containing such grains.

Item V. SELF-HELP:

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

B. The GOG agrees to:

1. Reduce agricultural subsidies and insure incentive prices to farmers.
2. Improve small-scale farmer productivity potential through:
   a. Improving crop storage facilities, particularly in the Upper and Northern Regions.
   b. Developing an effective network of feeder roads and an institutionalized, coordinated infrastructure to provide improved agricultural inputs (procurement, distribution, warehousing and sale) and marketing and extension services on a regular and timely basis.
   c. Expanding lending operations to allow for consistent and timely access to agricultural credit.
   d. Research to increase production of cereal grains.
3. Improve farm-to-market food distribution to assure that rice and maize produced in the Upper and Northern Regions benefit consumers in other regions.
4. Support ongoing health care projects through:
   a. Extending the supply of potable water in rural areas.

b. Extending the coverage of health care services with particular emphasis on rural areas.

c. Strengthening programs in health education, environmental health, epidemiological, maternal and child health, population activities and nutrition services.

5. Conduct an official review of the current supply, distribution and trade data in the agricultural sector to determine completeness and validity for its utilization for economic development and related research analysis and projection and for Public Law 480 type programming. Particular emphasis will be given to updating supply/demand and trade data required for commodities proposed for P.L. 480 programming.

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, Rural Development and Population Planning and Nutrition.

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 signature.

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

DONE at Accra, Ghana, in duplicate, this 9th day of February, 1979.

For the Government of the United States of America:

[*Signed — Signé*][1]

Ambassador

For the Government of Ghana:

[*Signed — Signé*][2]

Commissioner for Economic Planning

[1] Signed by Robert P. Smith — Signé par Robert P. Smith.

[2] Signed by Joseph D. Abbey — Signé par Joseph D. Abbey.

OFFICIAL AGREED MINUTES OF NEGOTIATING SESSIONS ON P.L. 480 TITLE I AGREEMENT WITH THE GOVERNMENT OF GHANA ON JANUARY 16 AND 23, 1979

At 11.45 a.m. both negotiating teams met in Commissioner Abbey's office. Those present were:

Commissioner Abbey; Principal Secretary Mary Chinery-Hesse; Principal Secretary Isaac Bissue; America's Desk Officer Dr. Eric Dankwa and Principal Economic Planning Officer Ollenu; on the U.S. side, Ambassador Smith, AID Mission Director Coker, Economic Officer Born and Food for Peace Officer Carter.

After being welcomed, Ambassador Smith opened with introductory remarks:

"Dr. Abbey, Mrs. Chinery-Hesse and External Aid Division Staff, I have the honor this morning to open negotiations with the GOG on the P.L. 480 Title I Agreement.

"We wish that approval could have been sooner; however, you have previously been informed about the initial lack of allocation of Title I for Ghana and the steps the USG took to make this tranche available. This Title I Agreement has an export market value of $10.0 million as outer limit and includes the following commodities: 38,000 metric tons (MT) of wheat valued at $5.9 million; 10,000 MT of rice valued at $2.8 million; and 10,000 MT of maize valued at $1.3 million. The total tonnage of food grain is 58,000 metric tons.

"We remain optimistic that additional commodities could be forthcoming in this fiscal year ending September 30. We are guided by the budget constraints and rising prices in the United States; therefore a wait-and-see attitude must be adopted in hopes that more funds become available during this fiscal year. You may be assured that the U.S. Mission Team will keep the pressing needs of Ghana for more program aid before Washington.

"We wish you to know that the USG is very supportive of the economic development policies your government is undertaking."

Commissioner Abbey thanked the Ambassador for his kind words and for the receptivity of the U.S. to the GOG request for Title I assistance. He acknowledged the difficulties associated with getting Title I allocated to Ghana in FY 79 (especially since the GOG had not provided evidence prior to July that it would embark on a stabilization effort) and added that he hoped other commodities listed in the original request for FY 79 would be considered.

Commissioner Abbey expressed satisfaction in the knowledge that this assistance would be very beneficial to many Ghanaians. He said he hoped that both negotiating teams could move quickly to finalize the agreement.

Ambassador Smith assured him of all cooperation from the US side and left materials to be studied by the GOG.

Commissioner Abbey, Ambassador Smith and Principal Secretary Bissue had to leave for other meetings, so the negotiating teams adjourned to the office of the Principal Secretary for Economic Planning, Mrs. Mary Chinery-Hesse. The session recommenced at 12.15 p.m. with Mr. Coker elaborating on the specifics of the agreement. It was agreed from the outset by both parties that detailed official minutes of the negotiation sessions would be kept and initialled.

The following points were highlighted by AID Mission Director Coker:

The Preamble and Parts I and III are standard documents and are applicable to all P.L. Title I Agreements and are not negotiable. This point was accepted by Mrs. Chinery-Hesse.

Part II, Particular Provisions, is subject to negotiation. Except as authorized by Washington, instructions must be fully adhered to.

The commodity composition for FY 79 was described:

Wheat/Wheat Flour (Grain Equivalent Basis)...	38,000 MT	$ 5.9 million
Rice..	10,000 MT	$ 2.8
Corn/Sorghum	10,000 MT	$ 1.3
TOTAL	58,000 MT	$10.0 million

In light of current fiscal year limitations on overall commodity and P.L. 480 fund availabilities, the export market value ($10.0 million) may not be exceeded.

EXPLANATION. This means that, if commodity prices increase over those mentioned above, the quantity to be financed under the agreement will be less than the approximate maximum quantity of 58,000 metric tons. However, should actual prices be lower at time of purchase, the GOG may purchase up to maximum export market value ($10.0 million).

Mr. Coker expressed the hope that an additional allocation would be forthcoming, then he described the very concessional financial terms of the agreement:

Terms of 40 years' credit:

—10 years' grace period at interest rate of 2%.

—30 years' curtailment of principal at interest rate of 3%.

—Number of installments—31.

—Amount of each installment is approximately equal annually.

—Due date of first installment is 10 years from date of last delivery of commodities in each calendar year.

—Initial Payment—maximum would be $500,000 (5% of purchase price of commodities upon delivery of same at U.S. port).

—Currency Use Payment (CUP)—maximum amount is 10% of the final purchase price. (It is intended to require currency use payments in cedis sufficient to cover payment of normal U.S. obligations in the country for one year or $1.0 million or cedis equivalent).

—Ocean Freight Costs—estimated at approximately $2.5 million (These funds must be available for immediate transfer to cover such costs). Cargo Preference Act requires that at least 50% of commodities be shipped on U.S. flag vessels. Ocean freight differential is available from the Commodity Credit Corporation of the U.S. Department of Agriculture.

The Usual Marketing Requirements were quoted:

Wheat/Wheat Flour (Grain Equivalent Basis)..............	82,000 MT
Rice	16,000 MT
Feedgrains	24,400 MT

The U.S. negotiators observed that the quoted UMR's reflected a five-year average (1972/73-1976/77) for Wheat/Wheat Flour; (1973/77) for rice; and 1972/73-1976/77) for feedgrains. The UMR averages were derived by using a combination of data supplied by the GOG and from the USDA agricultural data bank. Concessional sales and imports from non-Western countries are excluded from UMR computations.

Mrs. Chinery-Hesse asked that the UMR for feedgrains be waived on the grounds that in the last five years these purchases were not normal commercial procurement, but rather abnormal purchases brought about by drought and emergency conditions in the country. She pointed out that this issue was raised with the USDA representative who came from Washington and was also footnoted in the commodity supply/distribution tables.

Mr. Coker said that Washington would be queried on this point and an answer should be returned by the next session (January 23). Mr. Coker went on to stress that the following export limitations and self-help provisions had to be adhered to:

Export Limitations

A. The export limitation period shall be U.S. Fiscal Year 1979 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); for rice—rice in the form of paddy, brown or milled; and for feedgrains—corn, sorghums, barley, oats, and rye, including mixed feed containing such grains.

Self-help

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

B. The GOG agrees to:

1. Reduce agricultural subsidies and insure incentive prices to farmers.
2. Improve small-scale farmer productivity potential through:
   a) Establishing and improving crop storage facilities, particularly in the Upper and Northern Regions.
   b) Developing an effective network of feeder roads and an institutionalized, co-ordinated infrastructure to provide improved agricultural inputs (procurement, distribution, warehousing and sales) and marketing and extension services on a regular and timely basis.
   c) Expanding lending operations to allow for consistent and timely access to agricultural credit.
   d) Research to increase production of cereal grains.
3. Improve farm-to-market food distribution to assure that rice, maize and beans produced in the Upper and Northern Regions benefit consumers in other regions.
4. Support ongoing health care projects through:
   a) Extending the supply of potable water in rural areas.
   b) Extending the coverage of health care services with particular emphasis on rural areas.
   c) Strengthening programs in health education, environmental health, epidemiological, maternal and child health, family planning and nutrition services.
5. Conduct an official review of the current supply distribution and have data in the agricultural sector to determine completeness and validity for U.S. utilization for economic development and related research analysis and projection and for Public Law 480 type programming. Particular emphasis will be given to updating supply/demand and trade data required for commodities proposal for P.L. 480 programming.
6. In cooperation with the USG namely, the USAID to develop a system for data collection, analysis, and reporting that will measure progress in implementing the self-help measures stated in Part II, Item V, sub-paras B.1 through 4.

Mr. Coker emphasized that USG records reflect that the GOG had not met compliance requirements in previous P.L. 480 Title I Agreements resulting in reporting deficiencies and the following approximate UMR shortfalls for respective agreements: Calendar Year 1968—Rice (10,234 MT) and Tobacco (315 MT); Fiscal Year 1971—Tallow (edible) (4,775 MT); and Fiscal Year 1972—Wheat/Wheat Flour (35,700 MT) and Cotton (5,941 bales upland).

The USG in the mutual interest of both Governments had agreed to write off the aforementioned reporting deficiencies and shortfalls. In light of this background of incomplete compliance, the U.S. negotiators stated that the USG would insist that all compliance reporting be both current and accurate and that UMR's be strictly adhered to in accordance with the provisions of this new Agreement. The GOG negotiators noted these statements and assured the U.S. negotiators that they would adhere to these provisions.

Title I legislative requirements were stated by Mr. Coker. Purchase authorizations will be issued under the Agreement only after the Secretary of Agriculture has determined that:

1. Adequate storage facilities are available in the recipient country at the time of exportation to prevent the spoilage or waste of the commodity, and
2. The distribution of the commodity in the recipient's country will not result in a substantial disincentive to domestic production.

Purchasing requirements were also reviewed by Mr. Coker. Purchases of food commodities 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 bid offerings which must conform to the IFB.

a. Bid offering must be received and publicly opened in the United States.

b. All awards under IFB's must be consistent with open, competitive and responsive bid procedures.

The General Sales Manager USDA must approve the terms of all IFBs including those for ocean freight prior to their issuance. Commissions, fees or other payments to any selling agent are prohibited in any purchase of food commodities under the Agreement.

If the GOG nominates a purchasing agent and/or shipping agent to procure commodities or arrange ocean transportation under the Agreement, the GOG 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. In accordance with new regulatory standards designed to eliminate certain potential conflicts of interest, the General Sales Manager, USDA must approve all purchasing and shipping agents.

An update will have to be carried out again on the assessment of Ghana's capability to receive, store and distribute commodities; the following will be required:

1. Type and grade of commodity to be purchased in accordance with official U.S. Standards;
2. Proposed contracting and delivery schedules;
3. U.S. Mission concurrence/comments on above schedules based on assessment of adequacy of the importing country's capability to receive, store and distribute the commodity to prevent spoilage or waste;
4. Names and addresses of banks, both U.S. and foreign which would be handling financing operations;
5. Assurance that appropriate GOG authorities are prepared to make immediate transfers of funds to cover ocean freight costs and any initial payment (IP) requirements related to contracts to be concluded pursuant to the Agreement.

Mr. Coker noted that instructions should be sent to the Ghana Embassy in Washington from the GOG before negotiations are completed on:

1. Commodity specifications;
2. Contracting and delivery periods;
3. Names and addresses of U.S. and foreign banks handling transactions (Letters of Credit for commodity and freight);
4. Authority to request and sign purchase authorizations and other necessary documents;
5. 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
6. Contact Program Operations Division, Office of the General Sales Manager, USDA, regarding the foregoing.

Negotiator Coker added a special note on commodity suppliers:

1. Commodity Suppliers in the U.S. are refusing to load vessels when acceptable letters of credit for both commodity and freight suppliers are not available at time of loading.
   a. This has resulted in costly claims by vessel owners for demurrage and/or detention claims and carrying charges by commodity suppliers.
   b. Delays in opening Letters of Credit and settlement of final 10% of freight will also result in higher commodity prices and freight rates.
2. Assurance should be given by the GOG that appropriate measures would be taken to establish an operable Letter of Credit for both commodity and freight and confirmed by designated U.S. banks immediately after contracting, under each Purchase Authorization, is concluded, and before vessels arrive at loading ports; and
3. With particular regard to ocean freight the Letters of Credit for 100% of ocean freight charges would be opened in favor of the supplier of the ocean transportation at least 48 hours prior to vessel's presentation for loading.

The U.S. negotiator reminded GOG negotiators that timely reports on compliance, arrival and shipping information, self-help, and use of sales proceeds are due in accordance with Part I, Article III, C and D, and provided a copy of Exhibit B of 10 FASR 300, "Field Compliance Responsibilities for Certain Operations under Title I of the Agricultural Trade Development and Assistance Act, as Amended".

Mr. Coker asked that the GOG confirm that a representative of the USG would have continuous access to receiving, storage and distribution points for P.L. 480 Title I commodities.

Mr. Coker requested GOG negotiators to give assurances from their government officials that necessary measures will be taken to prevent black market/smuggling activities.

Mrs. Chinery-Hesse thanked Mr. Coker for his explanation of the agreement and for the additional materials provided. She thought that they would be helpful in explaining the contents to other GOG agencies involved in the agreement. Mrs. Chinery-Hesse said she could not anticipate what the other GOG agencies' reaction would be to the terms of the agreement. Since many of the financial and reporting obligations fall on the Bank of Ghana, she thought that the Bank would want many questions answered, especially the inflationary implications of the 10% Currency Use Payment (CUP).

The Principal Secretary apologized for past deficiencies under previous Title I agreements and gave assurances of compliance on present and future P.L. 480 Agreements.

Mrs. Chinery-Hesse expressed concern over her government's committing itself to too many obligations at one time. This was said with reference to the self-help measures contained in the agreement. The obligations under the recently signed Letter of Intent with the IMF are macro-level oriented while the P.L. 480 Title I self-help commitments are more micro-level. She wished to avoid any conflicting commitments. This issue will be discussed in greater depth in follow-up negotiating sessions.

Mr. Born noted that recent legislative initiatives have been designed to give P.L. 480 programs increased linkage with overall AID assistance efforts and this is what is reflected in the self-help measures.

Mrs. Chinery-Hesse said that the Foreign Affairs Ministry would be supplying the name of the P.L. 480 backstop officer at the Ghanaian Embassy in Washington possibly by the next session. She also asked for two or three reputable shipping/forwarding agents in the U.S. and specifically for an update on the standing of St. John's International.

The tentative schedule for negotiations and signing was discussed:

—17-22 January:	Internal GOG review of agreement
—23 January:	Second session between USG and GOG negotiating teams. The teams will meet daily until agreement is reached acceptable to both sides.
—30 January:	Public Agreements Review Committee (PARC) meeting on Title I Agreement.
—1 February:	Administrative Approval of Agreement.

—Signing to occur during first week of February.

Mr. Coker reiterated that Washington must have 72 hours advance notice of date and hour for signing, not counting weekends and holidays.

P.L. 480 TITLE I NEGOTIATION SESSION OF JANUARY 23, 1979, BETWEEN THE USG AND GOG

Ghanaian Negotiators

Mrs. Mary Chinery-Hesse	Principal Secretary, MOEP
G. M. Osei	Principal Assistant Secretary, MOA
E. D. Asante	Research Dept., Bank of Ghana
J. A. Baeta	Ag. S.D./ECRB (Bilateral) MOFA
H. O. Blavo	Ag. D/ECRB Western Economies
K. Agyepong	Ministry of Trade and Tourism
Kwame Osei-Bobie	Principal Assistant Secretary, MOEP
Dr. S. E. Dankwa	MOEP

U.S. Team

Irvin D. Coker	Director, AID
Donald Born	Economic Counselor
William M. Carter	Food For Peace Officer

Session began at 11.15 a.m. in Mrs. Chinery-Hesse's office.

The Principal Secretary welcomed the negotiating parties and indicated the meeting was the result of her government's request to the U.S. for commodity assistance to cushion the impact of the economic stabilization program particularly on the poorest Ghanaians.

Mrs. Chinery-Hesse referred favorably to the recent Standby Agreement concluded with the IMF and expressed gratitude to the USG for being one of the first nations to come forward with assistance. She said that even though the initial amount was small, it nevertheless was important and significant and hoped that more P.L. 480 Title I aid could be programmed this fiscal year.

Mrs. Chinery-Hesse added that aid was not the solution to Ghana's problems, but only a gap filler during the present period. Ghana's policy is one of economic and agricultural independence. She expressed the hope that the need for all external assistance could be eliminated and that Ghana would be self-sufficient. The Principal Secretary hoped that the U.S. taxpayers would realize that the benefits of the Title I commodities would go to the poorest Ghanaians.

Mr. Coker restated the hope that additional funds might be available under P.L. 480 Title I later in the fiscal year. A list of U.S. shipping and forwarding agents was given to the GOG team. Also, information relating to the UMR for feedgrains was read.

The GOG negotiators, noting that the Preamble, and Parts I and III were standard and not negotiable, said that the GOG would accept them unchanged. However, they believed that the sections did not take Third World needs into account to the degree desirable. They planned to take the opportunity afforded by these negotiations to offer informal comments in the hope that the USG would take them into account in any future revisions of the standard language.

The GOG team's comments on negotiable Part II of Draft Agreement were as follows:

Part II. Particular Provisions

Item I

That "Wheat Flour" be deleted from the line "Wheat/Wheat Flour".

That "Sorghum" be deleted from the line "Corn/Sorghum".

Item II

1. Initial Payment (IP) of 5%: That the 5% initial payment be reduced or eliminated. However, in the interest of saving time and the doubtfulness of Washington agreeing to a lower percent the GOG accepted the 5% IP. However, in any future agreement, consideration should be given to a lower IP percent.

Item III

2. Currency Use Payment (CUP): The GOG team had reservations about the amount of the CUP payment, but agreed from the outset of the discussion to accept it. The Bank of Ghana representative thought the amount to be too much and cited the inflationary effect on the GOG budget particularly if the $1 million worth of cedis were used during a short period.

Mr. Born explained the balance of payments effect, including repayment, credit and accounting procedures. GOG team requested an illustrative list of CUP expenditures. USG team agreed to furnish such a list.

3-7. All accepted. GOG asked if interest was simple or compound. The USAID Director indicated simple interest would accrue on the principal payment due and or any unpaid interest.

Item IV

3. Usual Marketing Requirement (UMR). The GOG again made the point on feedgrains that Ghana's purchases in this area during last few years were not normal, but resulted from drought conditions in the country. GOG objected "in principle" to the feedgrains UMR of 24,400 but accepted it as the reopening of third country consultations would delay negotiations.

Mrs. Chinery-Hesse said that consideration should be given to having concessional sales count against the UMR. This she said, would be beneficial to poorer countries, by reducing demand and minimizing dependence on developed countries.

Specifications:

—Wheat: Northern Spring Wheat USA No. 2 in bulk with minimum protein content of 13.5%.

—Rice: American Regular No. 2 with up to 20% brokens. Bagged.

—Yellow Corn: American No. 3 Regular with moisture content not to exceed 15.5%. Bagged.

GOG asked if feed additives would be added to corn. USG responded that they would not.

Item V

4. Export Limitations: No changes were requested. GOG accepted.

Item VI

5. Self-Help: GOG asked for following changes:

A. "In implementing these self-help measures specific emphasis will..."—that "will" be changed to read "should".

B. (2)*a*—that "Establishing and" be deleted.

(3) —that the word "beans" be deleted.

(4)*c*—that "family planning" be deleted and that "population activities" be substituted in its place.

The Principal Secretary argued that commodity sales proceeds would provide support to other non-family planning activities affecting population in development.

The Principal Secretary moved that measures 5 and 6 be deleted from formal agreement, but be incorporated into the official minutes. These measures are included as follows:

5. Conduct an official review of the current supply distribution and have data in the agricultural sector to determine completeness and validity for U.S. utilization for economic development and related research analysis and projection and for Public Law 480-type programming. Particular emphasis will be given to updating supply/demand and trade data required for commodities proposal for P.L. 480 programming.

6. In cooperation with the Government of the United States of America, namely the United States Agency for International Development, develop a system for data collection, analysis, and reporting that will measure progress in implementing the self-help measures stated in 1 through 4 above.

Item VII

6. No changes. GOG accepted.

GOG team made reference to Part III, Final Provisions and Part I, article I, H, where it says agreement can be terminated for "any reason". "Any" was thought to be too broad by their legal counsel. GOG expressed the hope this would be raised with Washington lawyers and that concrete grounds for termination would be clearly delineated.

The following final specific issues were raised by the USG team and accepted by the GOG team:

1. Priority berthing for vessels with P.L. 480 Title I cargo. GOG officials said that the GOG would grant to the best of its ability, priority berthing at Ghanaian ports to vessels carrying P.L. 480 Title I commodities under this agreement.

2. Black marketing and Smuggling. GOG officials gave assurances that, to the best of its ability, the GOG would ensure that black marketing and smuggling of Title I commodities would be prevented.

3. Receiving, Storing, Distributing. The GOG officials reiterated and gave full assurance on their Government's ability to adequately receive, store and distribute all P.L. 480 Title I commodities. (Team members Dankwa and Carter were to report further on this.)
4. Banking and Financial Arrangements. The GOG negotiators assured the U.S. negotiators that appropriate measures would be taken to establish an operable Letter of Credit for both commodity and freight which would be confirmed by designated U.S. banks immediately after contracting under each Purchase Authorization is concluded, and before vessels arrive at loading ports; and

   With particular regard to ocean freight the Letters of Credit for 100% of ocean freight charges would be opened in favor of the supplier of the ocean transportation at least 48 hours prior to vessel's presentation for loading.
5. Access. The GOG negotiators assured the U.S. negotiators that representatives of the USG would have continuous access to receiving, storage and distribution points for P.L. 480 Title I commodities.
6. UMR and Export Limitations. GOG negotiators assured USG negotiators that they would meet their UMR and export limitation commitments. GOG negotiators also stated that no official exports of commodities provided under the P.L. 480 Agreement would be registered.
7. Self-help GOG negotiators said they would meet their obligations on self-help measures.

The Ministry of Foreign Affairs' representative said his Ministry was recommending to their Washington Embassy that the Deputy Ambassador in Washington, Mr. E. A. Akueteh handle the arrangements in the U.S.

Copies of Program Compliance Reporting documents (10 FASR 300) with exhibits were also supplied to the GOG negotiators.

The U.S. team said they would cable Washington on the recommended changes and would report back as soon as possible.

The GOG also accepted that its performance under the IMF Agreement will be a principal consideration in any follow-up P.L. 480 Agreement.

DONE at Accra, Ghana, in duplicate, this ninth day of February 1979.

For the Government
of the United States of America:

[*Signed — Signé*][1]

Ambassador

[*Signed*]

I. D. COKER
Mission Director

For the Government
of Ghana:

[*Signed — Signé*][2]

Commissioner for Economic Planning

[*Signed*]

Mrs. M. CHINERY-HESSE
Principal Secretary

[1] Signed by Robert P. Smith — Signé par Robert P. Smith.
[2] Signed by Joseph D. Abbey — Signé par Joseph D. Abbey.