No. 19720

UNITED STATES OF AMERICA
and
GHANA

Agreement for sales of agricultural commodities (with agreed minutes and related letter dated 15 February 1980). Signed at Accra on 14 April 1980

Authentic text: English.

Registered by the United States of America on 27 March 1981.

ÉTATS-UNIS D'AMÉRIQUE
et
GHANA

Accord relatif à la vente de produits agricoles (avec procès-verbal approuvé et lettre connexe en date du 15 février 1980). Signé à Accra le 14 avril 1980

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 mars 1981.

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 14 April 1980 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 IX[1] 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.

[1] Should read: "part II" — Devrait se lire : « part II ».

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. 20520, 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 of 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 onboard 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 on its use within the country or otherwise distributed to the consumer within the country.

G. *Applicable Exchange Rate*

For the purpose 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 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 (wheat basis) .	1980	33,500	5.7
Corn/Sorghum	1980	30,000	3.4
Rice	1980	10,000	3.6
TOTAL DOLLARS			12.7

Item II. PAYMENT TERMS

Convertible Local Currency Credit (40 years)

A. Initial payment—five (5) percent.

B. Currency use payment—ten (10) percent for section (104 (*a*)) purposes.

C. Number of installment payments—thirty-one (31).

D. Amount of each installment payment—approximately equal annual amounts.

E. Due date of first installment payment—ten (10) years after the date of last delivery of commodities in each calendar year.

F. Initial interest rate—two (2) percent.

G. Continuing interest rate—three (3) percent.

Item III. USUAL MARKETING TABLE

Commodity	*Import Period (U.S. Fiscal Year)*	*Usual Marketing Requirement (metric tons)*
Wheat/wheat flour (wheat basis)	1980	97,500
Feed grains	1980	26,400
Rice	1980	16,000

Item IV. EXPORT LIMITATIONS

A. Export limitation period: The export limitation period shall be United States Fiscal Year 1980, or any subsequent United States Fiscal Year during which commodities financed under this Agreement are being imported or utilized.

B. Commodities to which export limitations apply: For the purposes of part I article III A (4) of this Agreement, the commodities which may not be exported are: for wheat/wheat flour—wheat, wheat flour, rolled wheat, semolina, farina, and bulgur (or the same products under a different name); for corn/sorghum—corn, cornmeal, barley, grain sorghum, rye, oats, and any other feed grains including mixed feeds containing predominantly such grains; for rice—rice in the form of paddy, brown or milled.

Item V. GHANA—PROPOSED FY 1980 P.L. 480 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 Ghana agrees to undertake the following activities and in doing so to provide adequate financial, technical, and managerial resources for their implementation:

1. Undertake activities to adjust agricultural price policies and subsidies to encourage increased domestic production of food crops. As part of this effort, the GOG will:

   Designate a unit within the Ministry of Agriculture to undertake a comprehensive study of the agricultural price policies of the GOG and their relationship to costs of production, returns to producers, and level of domestic agricultural production. The study will provide guidance to the GOG during future decisions on pricing policy and subsidy adjustments. As part of the development of a long-term policy to guide the gradual elimination of controlled prices for basic food commodities, as domestic food production increases.

2. Implement programs to increase the production of food crops by small-scale farmers in Ghana. These efforts should include:
   A. Improving the availability of agricultural inputs, including improved seeds, tools, spare parts, fertilizer, and pesticides, while at the same time eliminating subsidies and expanding lending operations through the Agricultural Development Bank and related institutions to allow farmers access to credit for necessary inputs.
   B. Expanding and improving small-scale irrigation schemes, in the Northern and Upper Regions.
3. Implement programs to improve the storage, marketing, and distribution of agricultural production throughout Ghana. These efforts should include:
   A. Upgrading and repairing local food and feed storage facilities in each of the regions and as part of this effort, providing training in grain storage management and planning to appropriate GOG officials.
   B. Improving farm-to-market food distribution including programs of transportation services and feeder road construction, repair, and maintenance.

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 programmed jointly by the Government of Ghana and the Agency for International Development and used for financing the self-help measures set forth in item V, above, and for local costs in Ghana of priority development projects approved by the two governments in the agricultural and rural development sectors.

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 14th day of April, 1980.

For the Government
of the United States of America:

THOMAS W. M. SMITH
Ambassador

For the Government
of Ghana:

A. NIKOI
Minister of Finance
and Economic Planning

OFFICIAL AGREED MINUTES OF NEGOTIATING SESSIONS OF P.L. 480 TITLE I AGREEMENT WITH THE GOVERNMENT OF GHANA ON FEBRUARY 5 AND 11, 1980

At 1030 on 5 February both teams opened negotiations in the office of Minister of Finance and Economic Planning. Those present were: Minister A. Nikoi, Deputy Minister Nyakotey, Principal Secretary Mrs. Chinery-Hesse, Principal Economic Planning Officer T. K. Ollenu, America Desk Officer J. Oturoku and Food Aid Officer Ms. M. Clarke; on the U.S. side, DCM E. Holmes, AID Mission Director I. D. Coker, and Food for Peace Officer W. Carter.

Greetings were exchanged. Mr. Holmes read from a prepared statement quoting dollar amounts and tonnages for this year's P.L. 480 Title I Program. He mentioned that any additional commodities during this fiscal year would be dependent on additional appropriation by Congress, Ghana's operational performance on the program, the proper development use of cedi counterpart funds, and on Ghana's progress towards stabilization of the economy. Mr. Holmes went on to encourage constructive measures in the area of economic reform and praised the Government of Ghana's priority commitment to increasing agricultural production.

Minister Nikoi thanked Mr. Holmes for his remarks and for the commodities being offered under P.L. 480 Title I. He said he hoped additional commodities could be programmed during the current fiscal year, especially industrial raw materials with priority given to cotton, tallow and tobacco.

Minister Nikoi said he thought there would be no major obstacles to a speedy signing of the agreement.

With the exceptions of Minister Nikoi, Deputy Minister Nyakotey and DCM Holmes, the negotiating teams adjourned to the office of the Principal Secretary, Mrs. Chinery-Hesse. In this meeting Mr. Coker spelled out the specifics of the agreement and made a number of points.

It was agreed from the outset by both parties that detailed official minutes of negotiation sessions would be kept and initialled.

The following points were highlighted by AID Mission Director, Coker:

"(1) The FY80 Title I agreement reinforces the United States' long-standing commitment to Ghana's economic development. We all recognize the need for close vigilance over the economy, as well as the need for the implementation of basic reforms—some, of which are already being undertaken. We hope, in accordance with the economic reconstruction program, that your government later in the year can successfully negotiate an agreement with the IMF.

"(2) The U.S. Government is pleased to note the first priority status given to agriculture by President Limann, as recently noted in his Sessional Address to Parliament. We now look forward toward the implementation of specific measures to stimulate agricultural production and to improve food storage and distribution facilities, as evidence of this commitment to agriculture.

"(3) We want to make every effort to avoid the costly and damaging delays that occurred with last year's program because of persistent problems experienced with the issuance of instruction for the opening of commodity and freight letters of credit. Therefore, we need assurances that appropriate GOG authorities are prepared to make prompt transfer of funds to cover initial payment and ocean freight costs on commodities purchased under the agreement. We would like to receive from you ironclad assurances that operable letters of credit will be opened and confirmed by U.S. commercial bank(s), previously named by you, as soon as commodities are purchased and ocean freight booked.

"(4) We would also like to suggest at this time that a committee be set up, possibly a sub-group of members here today, to coordinate all activities concerning the P.L. 480 agreement, including banking arrangements, compliance and self-help reporting and, most importantly, use of currency generations. We believe that if all these activities are to be properly carried out, the time and concentrated efforts of several people are required.

"(5) We continue to place high priority on the submission of timely reports relating to this P.L. 480 program. Particular emphasis should be given to getting the quarterly compliance reports in on time. However, shipping and arrival information (ADP) sheets, self-help and use of sales proceeds reports, are also of equal importance. These are due in accordance with part I, article III (C) and (D) and 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".

"(6) The U.S. Government will be insisting and closely monitoring that all compliance reporting be both current and accurate and that UMR's be strictly adhered to in accordance with the provisions of the FY 1979 Agreement. It appears that there were UMR shortfalls on agreed amounts of commercial imports in FY 1979.

"(7) In order to expedite the implementation of this agreement after signature, we remind you to make an early request through your Washington Embassy for purchase authorizations (PA's) from USDA/OGSM. Also, please inform us of the person in your Washington Embassy who will be backstopping this FY80 program.

"(8) However, please realize before purchase authorizations can be issued, we require the following information in writing as soon as possible:

a) Type and grade of commodities to be purchased in accordance with official U.S. standards;

b) Proposed contracting and delivery schedules. (Note that quote delivery unquote means delivery to vessel at U.S. port.);

c) Names and addresses of Ghanaian and U.S. Commercial Banks through which banking operations will be handled and through which L/C's for commodity and ocean freight will be opened;

d) Port breakdown on amounts of commodities to be delivered to Tema and amounts for Takoradi;

e) Whether or not maize consignment should be bagged or whether bags, needles and twine should accompany cargo.

"(9) Assurances should be given that arrangements have been made by appropriate authorities to relay to your Washington Embassy all instructions, information and authority necessary to ensure timely implementation of the agreement including,

(1) Operational reporting information outlined above;

(2) Complete instructions regarding arrangements for purchasing commodities and contracting for freight (including appointment of purchasing and/or shipping agent if applicable); and

(3) Instructions to contact the Program Operations Division, Office of the General Sales Manager, USDA, Telephone (202) 447-5780.

"(10) If you nominate a purchasing or shipping agent to procure commodities or arrange ocean transportation, you must notify the General Sales Manager USDA, in writing, of such nomination and attach a copy of the proposed agency agreement. All purchasing and shipping agents must be approved by the Office of the Sales Manager in accordance with regulatory standards designed to eliminate certain potential conflicts of interest.

"(11) As was the case last year, purchases of food commodities under the P.L. 480 Agreement must be made on the basis of invitations for bids (IFB's) publicly advertised in the United States and on the basis of bids (offers) which must conform to the IFB. Bids must be received and publicly opened in the U.S. All awards under IFB's must be consistent with open, competitive, and responsive bid procedures. (NOTE: Terms of all IFB's (including IFB's for ocean freight) must be approved by the General Sales Manager, USDA, prior to issuance.)

"(12) With last year's shipments, there was no problem being granted priority berthing privileges for each vessel. We would like to have your assurances on this for shipments under this agreement also.

"(13) A few final remarks on letters of credit:

a) Commodity and ocean freight suppliers may refuse to load vessels when acceptable L/C's for commodities/ocean freight are not available at time of loading. This can result in costly claims by vessel owners (i.e., demurrage) and by commodity suppliers (carrying charges).

b) *Ocean Freight L/C's:* Promptly after contracting for U.S. flag shipping space and not later than 48 hours prior to the presentation of vessel for loading, your government or purchasers authorized by it must open an operative letter of credit in favor of the supplier of the ocean transportation for 100 percent of the estimated cost of ocean freight.

c) In accordance with section 17.9 (M) of the Title I financing regulations, where the ocean freight contract provides for demurrage/dispatch, 90 percent must be paid promptly on arrival of cargo. The remaining 10 percent, less dispatch if any, should be paid promptly to the carrier upon completion of the laytime statement. If there is any dispute as to the amount of dispatch the owner should receive the 10 percent less dispute dispatch or, if there is demurrage, the full percent plus the demurrage not in dispute. Claims against the carrier for damaged or lost cargo should be pursued through normal channels and not be deducted from ocean freight.

"(14) Most importantly, to comply with P.L. 480 legislation, Washington must be given assurances that at the time of delivery of Title I commodities to Ghana, there will be the capability to receive, store and distribute them. Accordingly, an arrival schedule should be compiled and submitted to the USAID on other shipments to be delivered in April-July timeframe. In this way, we can ascertain that ports will not be clogged, that adequate storage space will be available to prevent spoilage and waste and that normal marketing activities will not be disrupted. This same legislation requires that concessional Title I sales should not act as a substantial disincentive to local agricultural production. We request a statement attesting to this.

"(15) The Government of Ghana should confirm that a representative of the U.S. government will have continuous access to receiving, storage and distribution points for P.L. 480 Title I commodities. We also seek your assurances that you will take the measures necessary to prevent blackmarketing and smuggling activities".

Mrs. Chinery-Hesse thanked Mr. Coker for his comments. She said she would only have a few questions at this time and scheduled a second meeting for 11 February at 1100 hours.

Mrs. Chinery-Hesse asked about the availability of white maize in lieu of yellow maize and for a list of U.S. shipping agents. The U.S. team indicated it would try to fulfill these requests by the 11 February meeting.

Meeting of 11 February 1980

Ghanaian Negotiators:

Leader:

Mrs. Mary Chinery-Hesse, Principal Secretary, Ministry of Finance and Economic Planning

Team Members:

T. K. Ollenu, Principal Economic Planning Officer, Ministry of Finance and Economic Planning;

J. O. Oturoku, AEPO, Ministry of Finance and Economic Planning;

B. D. Amegatcher, State Attorney, Attorney-General's Dept.;

D. B. Arthur, Commercial Officer, Ministry of Trade and Tourism;

M. Clarke, Food Aid Officer, Ministry of Finance and Economic Planning;

Mary Adjorlolo, Ministry of Foreign Affairs.

American Negotiators:

Leader:

Mr. Irvin D. Coker, AID Mission Director.

Team Members:

Robert P. Coe, Economic Officer;

William M. Carter, Food for Peace Officer

Session began at 1115 hours in Mrs. Mary Chinery-Hesse's office.

Mr. Coker cited minor changes to the draft agreement distributed at the 5 February session. These were as follows:

Maximum export market value for corn/sorghum is $3.4 million and not $3.6 million and for rice $3.6 million and not $3.4 million. Also the UMR for feed grains is 26,400 MT and not 28,600 MT.

Mrs. Chinery-Hesse said the GOG had few comments and asked that only the following changes be made:

A. A side letter should be added to the agreement that clearly explains the terms: "Approximate maximum quantity" and "Maximum export market value";

B. Self-help measures 1 parts A and B should be merged to read:

"1. Undertake activities to adjust agricultural price policies and subsidies to encourage increased domestic production of food crops. As part of this effort, the GOG will:

"Designate a unit within the Ministry of Agriculture to undertake a comprehensive study of the agricultural price policies of the GOG and their relationship to costs of production, returns to producers, and level of domestic agricultural production. The study will provide guidance to the GOG during future decisions on pricing policy and subsidy adjustments, as part of the development of a long-term policy to guide the gradual elimination of controlled prices for basic food commodities, as domestic food production increases".

The Ghanaian negotiator said she hoped that before the end of February or the first week of March the agreement would have passed through the constitutional process. She also stressed that the P.L. 480 Title I document had been reviewed by the Auditor-

General, Accountant-General, Bank of Ghana, Ministry of Agriculture, Ghana National Procurement Agency and Grains Warehousing Company in addition to the offices represented on the team. All these entities are firmly committed to the requirements and responsibilities of the agreement.

The following specific assurances were sought by the USG team and were given by the GOG team, with follow-up responsibility designated to a team made up of a member each from (1) Ministry of Finance and Economic Planning, (2) Accountant-General, and (3) Bank of Ghana. The coordinating Ministry would be Finance and Economic Planning and the USAID/FFPO would act in an advisory capacity.

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. Also, normal marketing would not be disrupted because of Title I imports.
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 and Compliance Reporting*. GOG negotiators said they would meet all their reporting obligations.

The GOG team stated that their Deputy Ambassador in Washington, Mr. E. A. Akueteh, would handle the Title I arrangements in the U.S.

The GOG team also said new banking procedures would be in effect for this year's program and that the Bank of Ghana would not be handling all of the details. The U.S. bank remains the same as last year, Chemical Bank of New York.

DONE at Accra, Ghana in duplicate, this 14th day of April 1980.

For the Government of the United States of America:

THOMAS W. M. SMITH
Ambassador

[*Signed*]

I. D. COKER
Mission Director

For the Government of Ghana:

A. NIKOI
Minister of Finance and Economic Planning

[*Signed*]

MRS. MARY CHINERY-HESSE
Principal Secretary
Ministry of Finance
and Economic Planning

RELATED LETTER

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
ACCRA, GHANA

February 15, 1980

Subject: P.L. 480 Title I

Dear Mr. Minister:

As a follow-up to our negotiating session, please find below a more detailed explanation of the terms: "Approximate maximum quantity" and "Maximum export market value" found on page under part II.

The export market value specified in part II may not be exceeded. This means that, if commodity prices increase over those used 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. However, should actual prices be lower at the time of purchase, the Government of Ghana may purchase up to the maximum export market value.

Sincerely yours,

[*Signed*]
IRVIN D. COKER
Mission Director

Dr. Amon Nikoi
Minister of Finance and Economic Planning
Ministry of Finance and Economic Planning
Accra, Ghana