

No. 19715

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**UNITED STATES OF AMERICA  
and  
UNITED REPUBLIC OF TANZANIA**

**Agreement for the sales of agricultural commodities (with  
minutes of negotiation). Signed at Dar es Salaam on  
19 March 1980**

*Authentic text: English.*

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

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
RÉPUBLIQUE-UNIE DE TANZANIE**

**Accord relatif à la vente de produits agricoles (avec procès-  
verbal de négociations). Signé à Dar es-Salaam le  
19 mars 1980**

*Texte authentique : anglais.*

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

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA FOR THE SALES OF AGRICULTURAL COMMODITIES UNDER THE PUBLIC LAW 480 TITLE I PROGRAM

The Government of the United States of America and the Government of the United Republic of Tanzania agree to the sale of Agricultural commodities specified below. This Agreement shall consist of the preamble and Parts I and III of the Agreement signed June 15, 1976,<sup>2</sup> together with the following Part II:

PART II. PARTICULAR PROVISIONS

Item I. COMMODITY TABLE

<i>Commodity</i>	<i>Supply Period (United States Fiscal Year)</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value (Millions)</i>
Rice .....	1980	14,500	Dols 5.0

Item II. PAYMENT TERMS

Convertible Local Currency Credit (40 years)

- A. Initial payment—none.
- B. Currency use payment—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

<i>Commodity</i>	<i>Import Period (U.S. Fiscal Year)</i>	<i>Usual Marketing Requirement (Metric Tons)</i>
Rice .....	1980	25,000

Item IV. EXPORT LIMITATIONS

A. 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.

<sup>1</sup> Came into force on 19 March 1980 by signature, in accordance with part II, item VI.

<sup>2</sup> United Nations, *Treaty Series*, vol. 1055, p. 111.

B. For the purpose of part I, article III A (4) of this Agreement, the commodities which may not be exported are: for Rice—rice in the form of paddy, brown or milled.

*Item V. SELF-HELP MEASURES*

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

B. The Government of the United Republic of Tanzania agrees to undertake the following and in doing so to provide adequate financial, technical, and managerial resources for their implementation:

1. Expand food and storage facilities at village and district levels.
2. Expand the access of small family farms to production inputs by improving and expanding into isolated areas the programs of credit and input assistance offered by the Tanzanian Rural Development Bank to rural villages. These inputs should include seed, fertilizer, access to irrigation, and programs of pest control.
3. Submit to the U.S. Mission by July 1, 1980, a summary report detailing:
  - a. The structure and performance of the Tanzanian rice sector during the period 1970-79, with projections for 1980. This should include supply/distribution, price, and trade data (import and export by country of origin) for this period.
  - b. The Government of the United Republic of Tanzania's programs and policy objectives relating to the rice sector, including an assessment of the impact of these programs during the 1970-79 period on the goal of achieving self-sufficiency in rice production. Areas to be addressed should include rice pricing policies for producers and consumers, availability of production inputs and credit, and GOT policies with respect to food grain commodities substitutable for rice and their impact on rice production.
4. In collaboration with the Prime Minister's Office, Ministry of Agriculture, and the University of Dar es Salaam, the GOT shall institute a baseline study designed to generate crop reporting, input cost, marketing, and rural economic data for domestic agricultural production, especially for domestic production of PL 480-programmed commodities. The USDA, title XII institutions, consulting firms, or international organizations may be approached for technical assistance as required, through the use of PL 480-generated funds.

*Item VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO IMPORTING COUNTRY ARE TO BE USED*

A. The proceeds accruing to the importing country from the sale of commodities financed under this Agreement will be used for financing the self-help measures set forth in the Agreement and for the following economic development sectors: Agriculture and Rural Development.

B. In the use of proceeds for these purposes, emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

This Agreement shall enter into force upon signature.

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

DONE at Dar es Salaam, in duplicate, this 19th day of March 1980.

For the Government  
of the United States of America:

[Signed]

RICHARD N. VIETS  
U.S. Ambassador to Tanzania

For the Government  
of the United Republic of Tanzania:

[Signed]

FULGENCE M. KAZAURA  
Principal Secretary  
Ministry of Finance

MINUTES OF THE NEGOTIATION MEETINGS BETWEEN THE PARTIES  
TO THE PROPOSED PL 480 TITLE I FY 1980 RICE SALES AGREEMENT

*Date and Place*

Initial Meeting: March 11, 1980, Ministry of Agriculture

Subsequent Meeting: March 12, 1980, Ministry of Finance

*Attending*

Government of the United Republic of Tanzania Negotiating Team:

Dr. S. A. Madallali, Principal Secretary, Ministry of Agriculture;

Mr. N. M. T. Kibwana, Finance Officer (Legal), Ministry of Finance;

Mr. C. Y. Mpupua, General Manager, National Milling Corporation;

Mr. G. J. Mwanache, Director of Procurement and Storage, National Milling Corporation;

Mr. E. M. Andrews, Procurement Officer, National Milling Corporation;

Mr. B. Tenesi, Director of Agricultural Planning, Ministry of Agriculture.

Government of the United States Negotiating Team:

Mr. Peter Shirk, Food for Peace Officer, USAID/Tanzania;

Mr. William Miller, Controller, USAID/Tanzania;

Mr. Dirk Willem Dijkerman, REDSO/EA.

The purpose of these meetings were to conduct negotiations between representatives of the Government of the United Republic of Tanzania (Tanzania) and representatives of the Government of the United States of America (United States) for a U.S. FY 1980 rice sales agreement for \$5,000,000 under the U.S. Government Public Law 480 Title I program. The following points were discussed:

1. The United States negotiating team explained that the dollar value will determine the quantity of grain procured under the agreement and that the 14,500 M.T. of rice in the agreement are illustrative of the price of rice prevailing prior to the negotiations.

2. The United States negotiating team requested that the Government of the United Republic of Tanzania make immediate payment of \$132,138.57 to Commodity Credit Corporation (CCC), United States Department of Agriculture (USDA) in order to avoid delay in signing the sales agreement. The payment due resulted from over-financing of

PA TZ-7003 of FY 1977 PL 480, title I agreement signed March 19, 1977.<sup>1</sup> The Tanzania negotiating team pointed out that authorization had been issued to the U.S. correspondent bank to deduct the due amount from the ocean freight differential reimbursement for credit to the CCC. A subsequent review of the financial records at the Tanzanian National Bank of Commerce (NBC) revealed that the requested deduction had not been made which resulted in the \$132,138.57 being credited to a Tanzanian account. The NBC has delivered to the United States Agency for International Development Mission to Tanzania (USAID/T) a written commitment that authorization will be sent via telex as soon as possible to the U.S. correspondent bank to transfer the amount due (noted above) to the credit of CCC.

3. The United States negotiating team noted the deletion of the initial payment (IP) and increase of the commodity use payment (CUP) from five percent to ten percent and that such action should not be construed as setting a precedent for future transactions.

4. Special Account—The Government of Tanzania agrees to establish a special account in which it will deposit the local currency generated from the sales of title I commodities in an amount not less than the equivalent to the dollar disbursements by the Commodity Credit Corporation (CCC) to the U.S. supplier. The generated currency is to be deposited into the account no later than six months after CCC disbursement. The local currency deposited will be jointly budgeted and programmed by the Ministry of Agriculture on behalf of the Government of Tanzania and USAID/Tanzania on behalf of the USG and will be expended for purchase set forth in items V and VI of this agreement.

5. The United States negotiating team emphasized the importance of timely submission of reports on UMR compliance, shipping and arrival information (ADP) sheets, self-help, and uses of sales proceeds as required under the standard provisions of the agreement. The Tanzania negotiating team acknowledged the reporting requirements, their importance, and agreed that operational positions within appropriate institutions would be designated and assigned responsibility for issuing required reports. The following organizations, departments/divisions, and positions will be assigned responsibility for implementation actions and/or reporting as designated below:

- a. Establishment, administration and reporting of the Special Account: Ministry of Finance; Budget Department; Position-Commissioner.
- b. Reporting Usual Marketing Requirement compliance, export limitation assurance, shipping and arrival information (ADP) sheets: National Milling Corporation; Procurement and Storage Department; Position-Director.
- c. Reporting on Self-Help and Uses of Sale Proceeds: Ministry of Agriculture; Agricultural Planning Department; Position-Director.

6. a. The U.S. negotiating team emphasized and the Tanzania negotiating team acknowledged problems of loading commodities on vessels in the absence of acceptable letters of credit for both commodities and freight. Tanzania negotiating team agreed that efforts would be made to insure that letters of credit for 100% of ocean transportation would be opened not later than forty-eight (48) hours prior to vessels presentation for loading.

b. U.S. negotiating team informed Tanzanian negotiating team of the following legislative and regulatory requirements:

1. 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 offering which must conform to the IFB. Bid offering must be received and publicly opened in the United States. All awards under IFB's must be consistent with open, competitive, and responsive bid procedures.

<sup>1</sup> United Nations, *Treaty Series*, vol. 1114, p. 97.

2. The terms of all IFBs (including IFBs for Ocean Freight) must be approved by the General Sales Manager/USDA prior to issuance.
3. Commissions, fees or other payments to any selling agent seeking to obtain a contract are prohibited in any purchase of food commodities under the agreement.
4. If Tanzania nominates a purchasing agent and/or shipping agent to procure commodities or arrange ocean transportation under the agreement, Tanzania must notify the General Sales Manager/USDA in writing of such nomination and provide, along with the notification, a copy of the proposed agency agreement. All purchasing and shipping agents must be approved by the Foreign Agricultural Service, USDA in accordance with regulatory standards designed to eliminate certain potential conflicts of interest.

c. The Tanzanian negotiating team offered assurances that arrangements would be made to relay to its Washington Embassy all instructions, information, and authority necessary to enable timely implementation of the agreement.

7. The United States negotiating team stated that the usual type and grade of commodity procured under a PL 480 title I rice sales agreement is number five, no more than twenty percent broken. The Tanzanian negotiating team stated their preference for number three, no more than fifteen percent broken. The United States negotiating team noted that a larger volume of rice could be procured if number five, twenty percent broken were selected whereupon the Tanzanian negotiating team stated their acceptance of that grade, given the need for obtaining the maximum quantity of food.

[*Initialed — Paraphé*]<sup>1</sup>  
United Republic of Tanzania

[*Initialed — Paraphé*]<sup>2</sup>  
United States of America

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<sup>1</sup> Initialed by Fulgence M. Kazaura — Paraphé par Fulgence M. Kazaura.

<sup>2</sup> Initialed by Richard N. Viets — Paraphé par Richard N. Viets.