

No. 21000

**UNITED STATES OF AMERICA
and
MOZAMBIQUE**

**Agreement for the sale of agricultural commodities (with
agreed minutes of negotiations). Signed at Maputo on
23 June 1980**

**Exchange of notes constituting an agreement amending the
above-mentioned Agreement. Maputo, 24 July 1980**

Authentic texts: Portuguese and English.

Authentic text of the agreed minutes of negotiations: English.

Registered by the United States of America on 15 April 1982.

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

**Accord relatif à la vente de produits agricoles (avec procès-
verbal des négociations). Signé à Maputo le 23 juin
1980**

**Échange de notes constituant un accord modifiant l'Accord
susmentionné. Maputo, 24 juillet 1980**

Textes authentiques : portugais et anglais.

Texte authentique du procès-verbal des négociations : anglais.

Enregistrés par les États-Unis d'Amérique le 15 avril 1982.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF MOZAMBIQUE FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER THE PUBLIC LAW 480, TITLE I PROGRAM

The Government of the United States of America and the Government of the People's Republic of Mozambique 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 28, 1979² together with the following part II.

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	1980	31,100	\$5.0
TOTAL			\$5.0

Item II. PAYMENT TERMS

Convertible local currency credit (40 years)

- A. Initial payment: 5 percent.
- B. Currency use payment: none.
- C. Number of installment payments: 31.
- D. Amount of each installment payment: approximately equal annual amounts.
- E. Due date of first installment payment: ten years after the date of last delivery of commodities in each calendar year.
- F. Initial interest rate: 2 percent.
- G. Continuing interest rate: 3 percent.

Item III. USUAL MARKETING TABLE

Commodity	Import period (U.S. Fiscal Year)	Usual marketing requirement (metric tons)
Wheat	1980	64,000

Item IV. EXPORT LIMITATIONS

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

¹ Came into force on 23 June 1980 by signature, in accordance with part III (A) (see note 2 below).

² United Nations, *Treaty Series*, vol. 1207, No. I-19463.

B. For the purpose 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 or bulgur or the same product under a different name.

Item V. SELF-HELP MEASURES

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

B. The Government of the People's Republic of Mozambique agrees to undertake the following activities and in so doing, to provide adequate financial, technical and managerial resources for their implementation:

1. Review agricultural sector pricing policies to evaluate their effectiveness in assuring equitable returns to producers;
2. Continue the following activities in connection with the FAO-Nordic (MONAP) Program:
 - A. Support the production, improvement, and distribution of seeds;
 - B. Strengthen storage, handling, and distribution system related to basic food production and agricultural inputs;
 - C. Improve the quality and use of agricultural land available to small farmers;
 - D. Improve livestock care and production; and
 - E. Increase forest resources through reforestation and conserve wood fuel energy sources through improved resource management.

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

A. The commodities provided hereunder, or the proceeds accruing to importing country from the sale of such commodities, will be used for implementing the following projects/programs which directly benefit the needy people of the importing country.

1. Those self-help measures set forth in item V of the Agreement; and
2. The following projects/programs:
 - (A) The implementation of programs to construct feeder roads into areas with high agricultural production potential and to insure proper maintenance of existing rural roads;
 - (B) The institution of a baseline study designed to generate crop reporting, input costs, marketing, and rural economic data for the domestic production of wheat, rice, corn, and other essential food crops.

B. The projects/programs identified in item VI (A) will directly benefit the needy in the following ways:

1. Seed quality has deteriorated and inefficient varieties are often the only ones available. Advances in seed production, quality and distribution will increase small farmer plantings and yields and thereby reduce risks to both the producer and the market.

2. Agriculture product and input marketing with better storage and transport systems, including the maintenance and expansion of rural roads, will improve rural productivity and increase farm and non-farm access to food resources. Input marketing will expand availability of fertilizer and small agricultural implements which increase outputs of farmers emerging from subsistence agriculture. Improvements in crop storage, marketing and distribution will reduce losses and inequities in rural as well as urban markets throughout the country.

3. Agriculture land use and conservation activities will be targeted on reducing and controlling the encroachment of undergrowth (bush), thereby maintaining and extending food producing areas for the small farmer.

4. Livestock research, development, and immunization will improve income by providing employment opportunities as well as developing expanded small animal programs which will increase opportunities for the small farmer to diversify his production.

5. Reforestation programs will benefit rural wage earners through labor-intensive projects. Regeneration of wood fuel supplies and efficient production and marketing will provide reasonably priced rural and urban fuel supplies and generate additional on-farm revenue.

6. Review of agricultural sector pricing policies and institution of baseline studies will assure equitable returns to small farm holders and provide basic data necessary for the design and evaluation of agriculture projects.

Item VII. REPORT ON USE OF CURRENCY

In addition to the report required by part I, article II F, of this Agreement, the importing country agrees to report on the progress of implementation of the projects/programs identified in item VI A above and the extent to which projects/programs were used to benefit the needy people. Such report shall be made by the importing country within 6 months following the last delivery of commodities in the first calendar year of the Agreement and every 6 months thereafter until all the commodities provided hereunder, or the proceeds from their sale, have been used for the project/program specified in item VI A above.

IN WITNESS WHEREOF, the respective representatives duly authorized for this purpose have signed the present agreement, done at Maputo, in duplicate, this 23rd day of June 1980, in two originals in the Portuguese and English languages. In cases of differences in interpretation, the English language version will prevail.

For the Government
of the United States of America:

[Signed]

WILLARD A. DE PREE
Ambassador of the United
States of America

For the Government of the
People's Republic of Mozambique:

[Signed]

JOSÉ DIAS MARQUES
National Director Trade Policy (Acting)
Ministry of Foreign Commerce

OFFICIAL AGREED MINUTES OF NEGOTIATIONS RELATING TO THE
AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND
THE PEOPLE'S REPUBLIC OF MOZAMBIQUE FOR SALES OF AGRICULTURAL
COMMODITIES, US FY 1980

Date: 16 June 1980

Place: Maputo, Mozambique

Attending:

Government of the People's Republic of Mozambique Delegation:

Janet Mondlane, Director of International Cooperation, Office of International Cooperation

Dina Forti, Special Assistant, Office of International Cooperation

Abel R. Chicalia, Ministry of Foreign Commerce

José da Silva Francisco, Ministry of Finance

Kekobad M. Patel, ENACOMO

Government of the United States of America Delegation:

William H. Twaddell, Deputy Chief of Mission, U.S. Embassy, Maputo

Peters Strong, Regional PL 480 Officer, REDSO/EZ, U.S. Embassy, Nairobi

I. The purpose of the meeting between representatives of the Government of the People's Republic of Mozambique and the Government of the United States of America was to negotiate a U.S. Fiscal Year 1980 (1 October 1979–September 1980) agricultural commodity sales agreement for \$5.0 million of wheat under the U.S. Government Public Law 480 Title I program.

II. The Mozambique Delegation explained that notwithstanding the efforts of the Government of the People's Republic of Mozambique to increase agricultural production, the need to import grain, especially wheat, is still high. The reasons are summarized as A) increase in consumption after independence as part of the improvement of living standards of the Mozambican people; B) the impossibility of production keeping pace with consumption for structural reasons, e.g. lack of infrastructure, use of rudimentary technology, marketing deficiencies, etc. which can be overcome only with time and increased investments and which the Government of the People's Republic of Mozambique is in the process of doing. Thus, the request to purchase wheat under the terms of a PL 480, Title I program.

III. The U.S. Delegation reviewed the draft agreement with the Mozambique Delegation and explained that:

1. The Agreement incorporates by reference parts I and III of the PL 480 Title I agreement signed on 28 June 1979.

2. The commodity commitment in the Agreement is in terms of dollar values and not quantities. At the time the draft was prepared it was estimated that \$5.0 million would purchase approximately 31,100 MT wheat. Therefore, when purchases are made if the price of wheat permits, additional wheat may be purchased to the \$5.0 million level or on the other hand if prices rise the quantity will be reduced accordingly.

3. In order to implement the purchase of wheat under the Agreement during the authorized supply period, US Fiscal Year 1980 (1 October 1979–30 September 1980) it is essential that the Government of the People's Republic of Mozambique initiates the purchasing process as soon as possible after signing the Agreement. This process includes the following:

- a. Dispatch of fully authorized representative(s) to Washington to undertake the required action;
- b. Written request for a purchase authorization;
- c. Prepare and issue, after approval by the U.S. Department of Agriculture, an invitation of bids (IFB's) which will be publically advertised in the U.S.;
- d. Designate both local and US bank(s) which will handle the letters of credit;
- e. Act expeditiously to open letters of credit in favor of supplier(s) grain and freight for 100 percent of the grain and ocean freight costs. The letters of credit must be opened no later than 48 hours prior to each contracted vessel's presentation for loading. Commodity suppliers are refusing to load vessels when acceptable letters of credit for both commodity and ocean freight are not available at time of loading. This has resulted in costly claims by vessel owners for demurrage and/or detention claims and carrying charges by commodity suppliers;
- f. Commissions, fees or other payments to any selling agent seeking to obtain a contract for the purchase of food commodities under this Agreement are prohibited;
- g. If a purchasing agent and/or shipping agent is nominated, this nomination must be submitted to the U.S. Department of Agriculture in writing accompanied by the proposed agency agreement for U.S. Department of Agriculture approval.

4. Reporting by the Government of the People's Republic of Mozambique is a essential part of the Agreement. Compliance reports on meeting the usual marketing requirements (UMR) are to be prepared on quarterly basis and submitted to the U.S. Embassy, Maputo. In addition the Government of the People's Republic of Mozambique will report on the implementation progress of the projects/programs identified under part II, item V and VI, and the use of the sales proceeds for these projects/programs. These reports will be due six (6) months after delivery of the commodity and every six (6) months thereafter until the commodities have been consumed and the sales proceeds expended.

IV. The President and Congress of the United States have urged that resources under PL 480 promote both greater development import and address the causes creating the need for food imports. Therefore, if the Government of the People's Republic of Mozambique desire an Agreement in US FY 81, the request must be accompanied by a more detailed description of the self-help measures, proposed use of the sales proceeds and how the poor will benefit. The self-help program should be limited to relatively few well defined efforts which can be accomplished during the subsequent twelve (12) months. The efforts should be defined in such a manner as to be able to gauge progress and to form the basis for required self-help reporting. In most cases, proceeds are used to support self-help activities, but can also assist with other activities which directly benefit the needy. Reporting will be required on the amount of funds generated, the amount expended, the activities funded and the way in which the activities benefit the poor.

V. The U.S. Delegation requested a brief description of the MONAP Program from which projects will be selected to receive financial support from the sales proceeds generated from the PL 480 Title I agreement.

VI. The Mozambique Delegation assured the U.S. Delegation that:

- A. Government of Mozambique representative(s) with appropriate delegation of authority to expeditiously initiate and conclude the required purchasing process will travel to Washington as soon as possible after the agreement is signed;
- B. If the Government of Mozambique wishes to engage a shipping agent, the representative(s) traveling to Washington will notify U.S. Department of Agriculture and provide a copy of the agreement with the agent;
- C. Letters of credit in favor of the wheat supplier(s) and ocean freight carrier(s) will be opened for 100 percent of the grain purchased and ocean freight contracted not later than 48 hours before vessel(s) loading at U.S. port(s);
- D. Reporting to U.S. Embassy, Maputo, on shipment arrival, progress in meeting the usual marketing requirements, self-help measures implemented and the use of sales proceeds will be accomplished in an expeditious manner.
- E. If PL 480 Title I assistance is requested for US FY 81 a more detailed description of the self-help measures, proposed use of the sales proceeds and an explanation how the poor will benefit will be included with the request.

VII. The Delegations acknowledged that in moving towards more meaningful and specific self-help measures linked more directly to the Government of the People's Republic of Mozambique agriculture and rural development efforts, it is the intent of both parties that emphasis should be given and the proceeds of this agreement used to expand food production thereby reducing imports.

VIII. The Mozambique Delegation provided the U.S. Delegation with a brief description of the MONAP 1980 Program from which selected projects in line with part II, items V and VI, will receive financial support from the sales proceeds generated under this agreement. The Delegations agreed to include this brief description as an annex to these minutes.

IX. The Government of Mozambique Delegation requested that a Portuguese language translation of the Agreement also be executed in duplicate original. The U.S. Delegation agreed to the request with the provision that the wording be added to the Portuguese text which refers to the translation and established that, in cases of differences of interpretation, the English language version of the Agreement will prevail.

X. The above sets forth the elements of understanding between the Government of the People's Republic of Mozambique and the Government of the United States of America.

For the Government
of the United States of America:

[Signed]

WILLARD A. DE PREE
Ambassador of the United States
of America

For the Government of the
People's Republic of Mozambique:

[Signed]

JOSÉ DIAS MARQUES
National Director Trade Policy (Acting)
Ministry of Foreign Commerce

Signed at Maputo, Mozambique, 23 June 1980.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF
AMERICA AND THE GOVERNMENT OF THE PEOPLE'S
REPUBLIC OF MOZAMBIQUE AMENDING THE AGREEMENT
OF 23 JUNE 1980 FOR THE SALE OF AGRICULTURAL COM-
MODITIES²

I

*The American Chargé d'affaires ad interim to the Mozambique National
Director Trade Policy, Ministry of Foreign Commerce*

July 24, 1980

Excellency,

I have the honor to refer to the Agricultural Commodity Agreement signed by representatives of our two governments on June 23, 1980² and to propose that part II, Particular Provisions, be amended as follows:

Item I. COMMODITY TABLE: Under appropriate column headings for wheat, delete data and insert "1980", "59,400", and "10.0", and change total to read "10.0".

All other items and conditions of the June 23, 1980 agreement remain the same. If the foregoing is acceptable to your government, I propose this note and your reply thereto constitute agreement between our two governments effective on the date of your note in reply.

Accept, Excellency, the assurance of my high consideration.

[Signed]

WILLIAM H. TWADDELL
Chargé d'Affaires *ad interim*
of the United States of America

José Dias Marques
National Director Trade Policy
Ministry of Foreign Commerce
Maputo

¹ Came into force on 24 July 1980, the date of the note in reply, in accordance with the provisions of the said notes.

² See p. 109 of this volume.

II

[TRANSLATION¹ — TRADUCTION²][PORTUGUESE TEXT —
TEXTE PORTUGAIS]*The Mozambique Ministry of Foreign
Commerce to the American Embassy*REPÚBLICA POPULAR DE MOÇAMBIQUE
MINISTÉRIO DO COMÉRCIO EXTERNOPEOPLE'S REPUBLIC OF MOZAMBIQUE
MINISTRY OF FOREIGN COMMERCE

Maputo, 24-07-80

July 24, 1980

O Ministério do Comércio Externo apresenta os seus cumprimentos à Embaixada dos Estados Unidos da América, em Maputo e tem a honra de lhe comunicar que o Governo da República Popular de Moçambique aceita emendar um adicional ao Acordo para a venda de produtos agrícolas assinado pelos representantes dos nossos dois Governos, em 23 de Junho de 1980.

The Ministry of Foreign Commerce presents its compliments to the Embassy of the United States of America and has the honor to inform it that the Government of the People's Republic of Mozambique agrees to amend an addition to the Agreement for the sales of agricultural commodities, signed by the representatives of our two Governments, June 23, 1980.

As emendas ao referido Acordo, aceites pelo Governo da República Popular de Moçambique, referem-se ao seu Artigo I, Quadro de Mercadorias, e são as seguintes:

The amendments to the referred Agreement, accepted by the Government of the People's Republic of Mozambique, refer to article I thereof, the Commodity Table, and are as follows:

Sob a coluna apropriada do quadro respeitante ao trigo, anular as condições estabelecidas e introduzir "1980", "59,400" e "10,0" mudando o total de modo a ler-se "10,0".

Under the appropriate column of the chart, where it refers to wheat, cancel the established conditions and introduce "1980", "59,400" and "10.0", changing the total to read "10.0".

Todos os outros artigos e condições do dito Acordo permanecem os mesmos.

All other items and conditions of the mentioned Agreement remain the same.

O Ministério do Comércio Externo aproveita a oportunidade para renovar

The Ministry of Foreign Commerce avails itself of the opportunity to renew

¹ Translation supplied by the Government of the United States.

² Traduction fournie par le Gouvernement des Etats-Unis.

à Embaixada dos Estados Unidos da América, em Maputo, os seus melhores cumprimentos.

UNIDADE, TRABALHO, VIGILÂNCIA

O Director N. de Operações
Comerciais:

[Signed — Signé]

JOSÉ MARQUES

Exm^o. Sr. William H. Twaddell
Encarregado de Negócios em exercício
Embaixada dos Estados Unidos
da América
Maputo

to the Embassy of the United States of America its best compliments.

UNITY, LABOR, VIGILANCE

National Director for Commercial
Operations:

[Signed]

JOSÉ MARQUES

Mr. William H. Twaddell
Chargé d'Affaires a.i.
Embassy of the United States
of America
Maputo