

No. 26522

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**UNITED STATES OF AMERICA  
and  
MALAWI**

**Agreement for the sale of agricultural commodities (with minutes of negotiation). Signed at Blantyre on 30 December 1980**

**Amendment of Item I of Part II of the above-mentioned Agreement**

*Authentic text: English.*

*Registered by the United States of America on 27 April 1989.*

*Certified statement was registered by the United States of America on 27 April 1989.*

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

**Accord relatif à la vente de produits agricoles (avec procès-verbal de négociation). Signé à Blantyre le 30 décembre 1980**

**Modification du Point I de la Partie II de l'Accord susmentionné**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 27 avril 1989.*

*La déclaration certifiée a été enregistrée par les États-Unis d'Amérique le 27 avril 1989.*

## AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF MALAWI FOR THE SALE OF AGRICULTURAL COMMODITIES

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

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 the Republic of Malawi (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

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<sup>1</sup> Came into force on 30 December 1980 by signature, in accordance with part III (B).

2. The availability of the specified commodities at the time of exportation.

C. Application for purchase authorizations will be made within 90 days after the effective date of this Agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this Agreement shall be made within the supply periods specified in the commodity table in part II.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of financing authorized under this Agreement shall not exceed the maximum export market value specified for that commodity and type of financing in part II. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in part II.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no obligation to reimburse the Government of the exporting country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.

H. The financing, sale, and delivery of commodities under this Agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale, or delivery is unnecessary or undesirable.

#### *Article II*

A. *Initial payment.* The Government of the importing country shall pay, or cause to be paid, such initial payment as may be specified in part II of this Agreement. The amount of this payment shall be that portion of the purchase price (excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in part II and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

B. *Currency use payment.* The Government of the importing country shall pay, or cause to be paid, upon demand by the Government of the exporting country in amounts as it may determine, but in any event no later than one year after the final disbursement by the Commodity Credit Corporation under this Agreement, or the end of the supply period, whichever is later, such payment as may be specified in part II of this Agreement pursuant to section 103(b) of the Act (hereinafter referred to as the currency use payment). The currency use payment shall be that portion of the amount financed by the exporting country equal to the percentage specified for currency use payment in part II. Payment shall be made in accordance with paragraph H and for purposes specified in subsections 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 types 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 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); and
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 Section 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

<i>Commodity</i>	<i>Supply period (U.S. FY)</i>	<i>Approximate max. quantity (metric tons)</i>	<i>Maximum export market value (millions)</i>
Corn .....	1981	32,600	\$5.0

### Item II. PAYMENT TERMS

Convertible local currency credit (40 years)

- (1) Initial payment: five (5) per cent.
- (2) Currency use payment: ten (10) per cent.
- (3) Number of installment payments: thirty-one (31).
- (4) Amount of each installment payment: approximately equal annual amounts.
- (5) Due date of first installment payment: ten (10) years after the date of last delivery of commodities in each calendar year.
- (6) Initial interest rate: two (2) per cent.
- (7) Continuing interest rate: three (3) per cent.

### Item III. USUAL MARKETING TABLE

<i>Commodity</i>	<i>Import period (U.S. FY)</i>	<i>Usual marketing requirement</i>
Feedgrains .....	1981	None

### Item IV. EXPORT LIMITATIONS

(A) The export limitation period shall be U.S. fiscal year 1981 and/or any subsequent U.S. fiscal year during which commodities financed under this Agreement are being imported or utilized.

(B) For the purposes of part I, article III A (4) of this Agreement, the commodities which may not be exported are: For feedgrains — corn, cornmeal, barley, sorghum, rye, oats, and other feedgrains, including mixed feeds containing predominantly such grains.

*Item V.* SELF-HELP MEASURES

(A) The Government of the importing country agrees to undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The following self-help measures shall be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

(B) The Government of the importing country agrees to undertake the following and in doing so to provide adequate financial, technical, and managerial resources for their implementation.

(1) Agricultural information system

- A. Adopt procedures to improve crop forecasting by upgrading the accuracy of the data base and timeliness of the publication of the forecast.
- B. Adopt procedures to collect and compile data regarding foodgrain production which is marketed through licensed dealers but not handled by ADMARC.

(2) Training

Increase the number of refresher training opportunities offered to the agricultural extension agents.

(3) Price Support Program

- A. Establish agricultural prices at levels to maintain a reasonable return to the producer.
- B. Improve existing and invest in additional food storage facilities as required to insure an effective and economic management and control of foodgrain stocks and distribution systems to minimize fluctuation in producer and consumer prices.

(4) Research and Extension

Coordinate the research efforts of the agricultural research centers with the section of the Ministry of Agriculture and Natural Resources responsible for agricultural extension.

(5) Agricultural productivity

- A. Increase the number of outlets that supply improved inputs (seeds, fertilizer, pesticides and implements) directly to small farmers. The intent of this activity is to provide rural distribution centers located closer to concentrations of small farmers.
- B. Promote the production and distribution of improved seeds. This could include the identification and training of small farmers so that they can produce improved seed for certification.

(6) Special Studies

- A. Assess the need to establish and/or strengthen an office within the Government for reviewing agricultural price series data on retail prices of agricultural inputs and a wholesale and retail consumer price index of agricultural products.
- B. Use this assessment to establish and/or strengthen an office that would use the information to determine policy guidelines for price incentives for foodgrains as a part of the price stabilization efforts.

*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 development sector: (Agriculture and rural development) in a manner designed to increase the access of the poor in the recipient country to an adequate, nutritious, and stable food supply.

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.

B. 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 Blantyre, in duplicate, this thirtieth day of December, 1980.

For the Government  
of the United States of America:

By: [Signed]

ROBERT M. MAXIM

Title: Chargé d'Affaires a.i.

For the Government  
of the Republic of Malawi:

By: [Signed]

E. BAKILI MULUZI, M.P.

Title: Minister Without Portfolio

MINUTES OF THE NEGOTIATING MEETING BETWEEN THE PARTIES  
TO THE PROPOSED P.L. 480, TITLE I, U.S. FISCAL YEAR 1981 CORN  
SALES AGREEMENT

*Date:* 9 December 1980

*Place:* Ministry of Finance, Lilongwe, Malawi

*Attending:*

*Government of Malawi Delegation:*

Mr. A. Y. Bobe	Principal Economist, Economic Planning Division, Office of the President and Cabinet
Mr. J. Kalaile	Senior Deputy Secretary, Ministry of Justice
Mr. G. K. Kayira	Economist, Economic Planning Division, Office of the President and Cabinet
Mr. C. Chanthunya	Economist, Ministry of Finance
Mr. J. Khonyongwa	Economist, Ministry of Agriculture
Mr. G. C. Msonthi	Chief Accountant, ADMARC

*Government of the United States of America Delegation:*

Mr. Robert M. Maxim	Chargé d'Affaires a.i., U.S. Embassy Lilongwe
Mrs. Vivian L. C. Anderson	U.S.A.I.D. Representative, Lilongwe, Malawi
Mr. H. Peters Strong	Regional P.L. 480 Officer, Regional Economic Development Service Office — A.I.D., Nairobi, Kenya
Mr. Jon O'Rourke	Regional P.L. 480 Officer, A.I.D. Lusaka, Zambia

The purpose of the meeting between representatives of the Government of Malawi and the Government of the United States of America was the negotiation of a United States fiscal year 1981 (1 October 1980 to 30 September 1981) Agricultural Commodity Sales Agreement for U.S. Dollars 5.0 Million of yellow corn under U.S. Public Law 480, Title I.

The Malawi Delegation explained that notwithstanding the efforts of the Government of Malawi and the people of Malawi to increase agricultural production, unfavorable climatic conditions persisted over a period of time in parts of Malawi affecting agricultural production especially maize (corn). Although generally self-sufficient and occasionally an exporter of maize, the Government of Malawi, economically constrained by increasing costs of energy and other items essential to development, has sought temporary assistance to meet urgent food requirements through the transfer of resources under the terms of the U.S. P.L. 480, Title I Program.

The American Delegation expressed its understanding of the efforts that the Government of Malawi and the people of Malawi have sustained to improve and increase agricultural production and its recognition of the effects of unfavorable weather patterns in Malawi and other constraints that have led the Government of Malawi to seek a transfer of resources under the terms of a U.S. P.L. 480, Title I agricultural commodity sales agreement.

The American Delegation explained that:

A. The Agreement was for the sale of U.S. (yellow) corn not to exceed the U.S. market value of U.S. \$5.0 million which was calculated to be 32,600 metric tons; that if the price of corn in the U.S. increases over that calculated i.e., 32,600 MT, the quantity of corn to be financed under this Agreement would be less than 32,600 MT. However, should the price of corn in the United States be lower at the time of purchase up to U.S. \$5.0 million worth of U.S. corn may be purchased.

B. The supply period stated in the Agreement and the period in which the corn may be purchased is U.S. fiscal year 1981 (FY-1981) which is from 1 October 1980 through 30 September 1981; delivery of commodity is defined as FOB/FAS U.S. port of loading.

C. Upon signing the Agreement the Government of Malawi is to make an early request for a Purchase Authorization from the U.S. Department of Agriculture. Under current U.S. regulatory and legislative requirements this Purchase Authorization would be issued promptly upon the determination of the U.S. Secretary of Agriculture that 1) there were sufficient corn inventories in the U.S. to meet domestic demands including reserves and commercial exports; 2) at the time of delivery adequate storage facilities will be available in Malawi and at the port of vessel discharge to prevent the spoilage or waste of the commodity; and 3) the distribution of the commodity in Malawi will not result in a substantial disincentive to or interference with domestic marketing.

D. Upon signing the Agreement the Government of Malawi should act expeditiously in all matters pertaining to the purchase and shipment of the corn in order to meet the requirements of the Government of Malawi within the supply period.

E. Purchase of the corn under this Agreement will be made on the basis of invitation for bids publically advertised in the United States and on the basis of bid offerings which comply to the invitation to bid. Bid offerings must be received and publically opened in the United States. All awards under invitations to bid will be consistent with open, competitive and responsive bid procedures.

F. Commissions, fees or other payments to selling/shipping agents are prohibited in the purchase of food commodities under the Agreement.

G. At least 50 percent of the corn purchased under the Agreement must be shipped on U.S. flag vessels, if available, at fair and reasonable rates.

H. The Government of Malawi must open operable Letters of Credit for 100 percent of both commodity and ocean freight and confirmed by U.S. Commercial Bank(s) as soon as commodities are purchased and ocean freight booked. It was further explained that commodity and ocean freight suppliers may refuse to load vessels when acceptable Letters of Credit for commodity and ocean freight are not available. This can result in costly claims for account of the Government of Malawi by commodity suppliers and vessel owners.

I. Reporting on a timely basis is an essential part of this Agreement. Quarterly compliance reports, arrival reporting, self-help and sales proceeds reporting are required. The Government of the United States of America is concerned that reports on self-help measures under this Agreement are submitted to the U.S.A.I.D. not later than 15 November 1981 for transmittal to Washington not later than 15 December 1981.

J. This Agreement contains specific export limitations. These limitations are imposed for the supply period U.S. FY-1981 and, if commodities purchased under this Agreement were not utilized during this supply period the export limitations would apply to the supply period of U.S. FY-1982.

K. That emphasis for the use of the sales proceeds accruing to the Government of Malawi from the sale in Malawi of these commodities purchased under this Agreement shall be for the purposes which directly improve the lives of the poorest in Malawi and their capacity to participate in the development of this country. Greatest emphasis is required to be placed on the use of such proceeds to carry-out programs of agricultural development, rural development.

L. Local currency sales proceeds to be utilized for financing the self-help measures set-forth in the Agreement will be equal to the amount disbursed by the Government of the United States of America converted to local currency at the most favorable exchange rate on the date(s) of disbursement by the Government of the United States.

The Malawi Delegation requested minor modification in the self-help language in part II, item V of the Agreement. The American Delegation agreed to seek Washington's approval of these modifications.

The Malawi Delegation explained that maize producers have the option of selling their crop in an open, free market or to the parastatal, the Agricultural Marketing Corporation (ADMARC), at a posted floor price. ADMARC sells to licensed wholesalers or in small quantities to consumers. In this capacity ADMARC plays a role in price stabilization. Commercial mills buy from producer and/or ADMARC and sell to wholesalers and consumer at government/controlled prices. Exports are controlled by licenses. Hoarding which might create other parallel markets is illegal and policed.

A. Upon signing the Agreement representative(s) would be sent to Washington with appropriate information and authority to ensure timely implementation of Agreement.

The Malawi Delegation assured the U.S. Delegation that:

B. Appropriate measures would be taken to open in a timely manner operable Letters of Credit for both commodity and ocean freight.

C. If the Government of Malawi nominates a purchasing or shipping agent to assist in the procurement of the commodities and to arrange ocean freight under the Agreement, the Government of Malawi will notify the General Sales Manager, Foreign Agricultural Services, U.S. Department of Agriculture, in writing, of such nomination and provide a copy of the proposed agency agreement for approval in accordance with registry standards designed to eliminate certain potential conflicts of interest.

D. Operable Letters of Credit for both commodity and ocean freight would be opened in a timely manner.

E. Adequate facilities exist at the port of vessel unloading and within Malawi to minimize losses due to storage and handling.

F. Provision of U.S. \$5.0 million in corn under Title I will not be a disincentive to agricultural production in Malawi.

It was agreed that these minutes would be initialed by the signers of the Agreement at the time the Agreement is signed and that these minutes will become part of the Agreement.

The Negotiating Meeting was concluded at 13:00 hours, 9 December 1980.

For the Government  
of the United States of America:

*Date:* 30 December 1980

*[Initialed]*<sup>1</sup>

For the Government  
of the Republic of Malawi:

*Date:* 30 December 1980

*[Initialed]*<sup>2</sup>

*[Initialed]*

ROBERT M. MAXIM  
Chargé d'Affaires a.i.

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<sup>1</sup> Initialed by Vivian L. C. Anderson.

<sup>2</sup> Initialed by E. Bakili Muluzi.

AMENDMENT OF ITEM I OF PART II OF THE AGREEMENT OF  
30 DECEMBER 1980 BETWEEN THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA AND THE GOVERNMENT OF  
THE REPUBLIC OF MALAWI FOR THE SALE OF AGRICUL-  
TURAL COMMODITIES

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By an agreement in the form of an exchange of notes, dated at Lilongwe on 22 May 1981, which came into force on 22 May 1981, the date of the note in reply, in accordance with the provisions of the said notes, the Commodity Table (Item I of Part II of the Agreement) was amended so that, on the line entitled "Corn" and under the appropriate column headings, the figures "32,600" and "5.0" were changed respectively to "13,200" and "2.4".

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