

No. 26526

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

**Agreement for sales of agricultural commodities under the  
Public Law 480 Title I Programm (with minutes of nego-  
ciations). Signed at Dar es Salaam on 5 May 1981**

*Authentic text: English.*

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

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

**Accord relatif à la vente de produits agricoles conclu en  
vertu du Titre I de la Loi 480 (avec procès-verbal de  
négociation). Signé à Dar es-Salaam le 5 mai 1981**

*Texte authentique : anglais.*

*Enregistré 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 UNITED REPUBLIC OF TANZANIA FOR 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

Commodity	Supply period (United States fiscal year)	Approximate maximum quantity (metric tons)	Maximum export market value (million dols)
Corn .....	1981	50,400	7.5
TOTAL			7.5

*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 from 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)
Feedgrains .....	1981	None

*Item IV.* EXPORT LIMITATIONS

- A. The export limitation period shall be United States fiscal year 1981 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 5 May 1981 by signature.

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

B. For the purpose of Part I, Article III (A) (4) of the Agreement, the commodities which may not be exported are for feedgrains — corn/sorghum, cornmeal, barley, oats, and rye including mixed feed containing 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 in increasing agricultural production through small farm agriculture.

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

1. *Food Security*

A. Increase number of food storage facilities at the village and district levels by 25,000 MT; finance local construction costs for these facilities; provide for grain storage management, pest control, and complementary training. This program should be designed to support and strengthen GOT's decentralization policies with respect to food storage management.

2. *Agricultural Data*

A. Strengthen the national agricultural statistics and farm management data collection and analysis capability. Consideration should be given to the development of a methodology for collection of basic crop data and other socio-economic data to provide an analytical base for the development of agricultural projects and policies. This data can also provide input for small farmer decision-making (i.e. with respect to cropping systems). The USDA, other Title XII institutions, consulting firms, or international organizations may be approached for technical assistance, as required through use of PL 480 Generated Funds.

B. Develop a solid information base on consumer demand parameters in order to better plan agricultural and food strategies. Of particular importance is the responsiveness of rural and urban consumers to income and price changes for major drought resistant and other staple crops. This information can be obtained by continuing analysis of the household consumption survey of 1976/77.

3. *Agricultural Production and Processing*

Rehabilitate oilseed processing capability for domestic vegetable oil production by utilising local currency to upgrade existing oilseed processing machinery.

4. *Training and Institution Building*

Expand training facilities and outreach capabilities of agricultural and rural development training institutions in Tanzania's high production potential regions.

*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 sectors: 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.

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 5th day of May 1981.

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 NEGOTIATING MEETING BETWEEN THE PARTIES  
TO THE PROPOSED PL 480 TITLE I FY 1981 SALES AGREEMENT

*Date:* April 30, 1981 at 1400 hours

*Place:* Ministry of Finance  
Dar es Salaam, Tanzania

*Attending:*

- Mr. M. T. Kibwana, Director for External Finance, Ministry of Finance
- Mr. A. I. Muneni, Senior Financial Management Officer, Ministry of Finance
- Mr. D. N. Kagazi, Senior Financial Management Officer, Ministry of Finance
- Ms. P. W. Malisa, Financial Officer (Legal), Ministry of Finance
- Mr. Vincent Mrisho, Director of Agricultural Planning, Ministry of Agriculture
- Mr. B. Katani, Planning Officer, Ministry of Agriculture
- Mr. James E. Williams, Director, U.S.A.I.D.
- Mr. Barry M. Riley, Assistant Director, U.S.A.I.D.
- Mr. Peter W. Shirk, Food for Peace Officer, U.S.A.I.D.

The purpose of the meeting was 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 1981 maize (corn) sales agreement for \$7,500,000 under the U.S. Government Public Law 480 Title I Program. The following points were discussed.

1. The United States negotiating team explained that:

A. The export market value of U.S. \$7,500,000 may not be exceeded. If the commodity prices increase, the approximate maximum quantity of corn to be financed under the agreement will be less than that (50,400 MT) indicated in Part II of the agreement. However, should prices be lower at the time of purchase, the entire export market value of U.S. \$7,500,000 may be utilized.

B. Measures should be taken to ensure that operable letters of credit for both commodity and freight will be opened and confirmed or advised by the U.S. Commercial Banks previously named by the GOT, as soon as commodities are purchased and ocean freight booked.

The Government of Tanzania should also open letters of credit for one hundred (100) percent of ocean freight not later than forty-eight (48) hours prior to vessel presentation for loading, providing for sight payment or acceptance of a draft in U.S. Dollars in favor of the ocean transportation supplier on the basis of tonnage and rates specified in the applicable charter party or booking noted.

Commodity and ocean freight suppliers may refuse to load vessels when acceptable letters of credit for commodities/ocean freight are not available at time of loading. This can result in costly claims for account of GOT by vessel owners (demurrage) and by Commodity Suppliers (carrying charges).

C. Where the ocean freight contract provides for demurrage and despatch, ninety (90) percent must be paid promptly on arrival of cargo. The remaining

ten (10) percent, less despatch 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 despatch, the owner should receive payment of that portion of the final ten (10) percent which is not in dispute. Claims against the carrier for damaged or lost cargo should be pursued through normal channels and not be deducted from the ocean freight.

D. Purchases of food commodities under the agreement must be made on the basis of invitations for bid (IFB) publicly advertised in the United States and on the basis of bid offerings which must be consistent with open, competitive and responsive bid procedures.

E. The terms of all IFBs including those for ocean freight must be approved by the General Sales Manager, Foreign Agricultural Services, U.S. Department of Agriculture.

F. If the Government of Tanzania nominates a purchasing or shipping agent to procure commodities or arrange ocean transportation under the Agreement, the Government of Tanzania must notify the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture, in writing, of such nomination and provide a copy of the proposed Agency Agreement. All purchasing and shipping agents must be approved by the Foreign Agricultural Service, USDA.

G. Arrangements should be made by the appropriate authorities to relay to its Washington Embassy all instructions, information, and authority necessary to ensure timely implementation of the agreement, including:

- (1) Commodity specifications.
- (2) Contracting and delivery schedules.
- (3) Names and addresses of U.S. and foreign banks handling transactions (letters of credit for ocean freight).
- (4) Instructions necessary for purchasing commodities and contracting for freight.
- (5) Instructions to contact for further assistance in implementing agreements:

Program Operations Divisions — Export Credits  
Foreign Agricultural Services  
U.S. Department of Agriculture  
Telephone (202) 447-5780

2. The U.S. negotiating team explained that: under current regulatory and legislative requirements commodities will be made available under the agreement only after the Secretary of Agriculture has determined that (a) adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste of the commodity, and (b) the distribution of the commodity in the recipient country will not result in a substantial disincentive to or interference with domestic production or marketing.

3. The United States negotiating team explained that: the currency use payment (CUP) payable under the FY 1980 PL 480 Title I Program had not been made nor had official notification been received confirming deposit into a special account of locally generated sales proceeds as specified in the minutes to the FY 1980 PL 480 Title I Sales Agreement. The United States negotiating team

reiterated that compliance with these two provisions of the FY 1980 Agreement were prerequisite to signing the FY 1981 Agreement.

4. The Tanzanian negotiating team has provided the actual receiving, storage, and distribution points and channels for the PL 480 corn under this agreement. Prices to the consumer are fixed, publicly posted, and are independent of landed costs to the recipient government. The objective of the Government of Tanzania is to provide an adequate supply of corn (which is the major staple in Tanzania) to the population at reasonable prices within the range of the lowest income group. The Government of Tanzania is responsible for the import, distribution, and storage of corn under this agreement. Distribution is made to the consumer via established distribution institutions such as Regional Trading Companies (RTC) and National Distributors Ltd. (NDL) and official district distribution agencies before reaching retailers. The Government of Tanzania assures adherence to established price and distribution procedures and confirms that there has been no movement of PL 480 commodities outside normal distribution and marketing channels. If such irregularities are detected in the future, appropriate action will be taken against offenders as prescribed under the laws of Tanzania.

5. The United States negotiating team explained that reporting, specifically compliance, shipping and arrival information (ADP) sheets, self-help, is an important and integral part of the PL 480 Title I program and is included in the standard provisions of the agreement. The United States team stressed the importance of timely submission of compliance reports which are due quarterly starting with the supply period of the agreement, and timely reporting of self-help measures. Reports of self-help measures are due in the U.S. Mission by 15 November, and in Washington by 15 December.

The Tanzanian negotiating team acknowledged the reporting requirements, their importance, and agreed that operational positions within appropriate Tanzanian Government institutions would be designated and assigned responsibility for issuing required reports. It is agreed that the following organizations, departments, and positions shall have responsibility for implementing actions and/or reporting as designated below:

(a) Special Account — Establishment, administration, and reporting:

<i>Organization</i>	<i>Department</i>	<i>Position</i>
Ministry of Finance	External Finance	Commissioner

(b) Reporting-Compliance (quarterly), shipping and arrival information (ADP) sheets:

<i>Organization</i>	<i>Department</i>	<i>Position</i>
National Milling Corporation	Procurement and Storage Dept.	Director

(c) Reporting on Self-Help and Use of Sales Proceeds:

<i>Organization</i>	<i>Department</i>	<i>Position</i>
Ministry of Agriculture	Agricultural Planning	Director

6. *Self-Help.* The Tanzanian negotiating team explained that the Ministry of Agriculture which has the responsibility for self-help reporting has experienced

difficulty in implementing and reporting on village level self-help activities, as they are under the jurisdiction of regional and district administration rather than central government entities. It was agreed that district level storage facilities which directly benefit village level producers would be emphasized in accordance with Tanzanian Government development plans. The negotiating teams reviewed the self-help measures and discussed proposed increases in storage facilities and benchmarks for rehabilitating oilseed processing and expanding the number of trained agricultural personnel. The following time frame and benchmarks were agreed upon (the Tanzanian negotiating team explained that estimates of construction time requirements were subject to availability of building materials):

*a. Storage*

Increase storage facilities under 24 months construction program by 25,000 MT:

<i>Location</i>	<i>Capacity (MT)</i>	<i>Begin Construction</i>
Kipawa	10,000	FY 1981
Gairo	5,000	FY 1982
Babati	10,000	FY 1982

*b. Agriculture Data*

Begin in FY 1981 four-year program to strengthen agricultural statistics and farm management data collection and analysis capability.

*c. Agricultural Production and Processing*

In FY 1981 begin rehabilitation of seed ginning facilities at: Duthumi, Manonga, Korogwe, and Mwaya.

Install equipment for oil refineries at: Shinyanga, Nyambiti, and Malampaka.

*d. Training and Institution Building*

In FY 1981 (or as soon as funds are available) begin construction of classroom, dormitory, laboratory, and eight staff houses at the Ministry of Agriculture Training Institute at Mtwara.

7. *Special Account.* The Government of Tanzania agrees to establish a special account in which it will deposit the local currency in an amount not less than the equivalent to the Dollar disbursements by the Commodity Credit Corporation (CCC) to the U.S. supplier. The local 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 would be expended for purposes set forth in items V and VI of this agreement.

8. The Tanzanian negotiating team stated their preference that the grade of commodity to be procured under this agreement be number 2, U.S. corn.