

No. 27156

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**UNITED STATES OF AMERICA  
and  
TUNISIA**

**Agreement for the sale of agricultural commodities (with  
minutes of negotiation and annexes). Signed at Tunis on  
17 May 1982**

*Authentic texts: English and French.*

*Registered by the United States of America on 15 March 1990.*

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

**Accord pour la vente de produits agricoles (avec procès-  
verbal des négociations et annexes). Signé à Tunis le  
17 mai 1982**

*Textes authentiques : anglais et français.*

*Enregistré par les États-Unis d'Amérique le 15 mars 1990.*

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

The Government of the United States of America and the Government of the Republic of Tunisia agree to the sale of the agricultural commodities specified below. This Agreement shall consist of the Preamble and Parts I and III of the Title I Agreement signed on June 7, 1976,<sup>2</sup> together with the following

Part II:

PART II - PARTICULAR PROVISIONS

Item I - Commodity Table:

<u>Commodity</u>	<u>Supply Period (U.S. Fiscal Year)</u>	<u>Approximate Quantity (Metric Tons)</u>	<u>Maximum Export Market Value (Millions)</u>
Wheat	1982	57,000	Dollars \$10.0
Totals		57,000	Dollars \$10.0

Item II - Payment Terms:

Dollar Credit (DC)

1. Initial Payment: Fifteen (15) percent;
2. Currency Use Payment: None;
3. Number of Installment Payments: Nineteen (19);
4. Amount of Each Installment Payment: Approximately equal annual amounts;
5. Due Date of First Installment Payment: Two (2) years after the date of the last delivery of commodities in each calendar year:

<sup>1</sup> Came into force on 17 May 1982 by signature.

<sup>2</sup> United Nations, *Treaty Series*, vol. 1072, p. 123.

6. Initial Interest Rate: Three (3) percent;

7. Continuing Interest Rate: Four (4) percent.

Item III - Usual Marketing Table:

<u>Commodity</u>	<u>Import Period (U.S. Fiscal Year)</u>	<u>Usual Marketing Requirement (Metric Tons)</u>
Wheat	1982	370,000

Item IV - Export Limitations

A. The Export Limitation Period:

The Export Limitation Period shall be the U.S. Fiscal Year 1982 or any subsequent U.S. Fiscal Year during which the commodities financed under this Agreement are being imported or utilized.

B. Commodities To Which Limitations Apply:

For the purpose of Part I, Article III A. 4. of this Agreement, the commodities which may not be exported are: wheat, wheat flour, rolled wheat, semolina, farina and bulgur (or the same products under different names).

Item V - Self-Help Measures:

A. The Government of Tunisia has established increased agricultural production and rural income, and improved distribution of income as major long-term objectives and as specific objectives of its Sixth Development Plan. In consideration of the financial support provided by the Government of the United States under this Agreement, the Government of Tunisia agrees to assign priority to the specific measures described below to increase agricultural production and to improve distribution of income. These measures will be implemented so as to contribute directly to the development progress in rural areas and to enable the rural poor to participate in increased agricultural production.

B. In order to implement the program envisioned in the March, 1981 PL 480 Title I Program Paper, the Government of Tunisia has decided, in accordance with the objectives of the Sixth Plan, to undertake the following self-help activities to enable the poor, smaller farmers to participate in increasing agricultural production. The Government of Tunisia agrees to provide adequate financial, technical, and managerial resources for the implementation of these measures:

1. Expand the level and improve the scheduling of nitrogenous fertilizer imports.

(a) Maintain and provide financing for the Sixth Plan target for nitrogen consumption equivalent of 100,000 MT of ammonium nitrate in 1981-82 (from an actual level of 79,000 MT in 1980-81) and 116,000 MT in 1982-83.

(b) Accelerate importations so that the total needs for 1982-83 (May 1 - April 30) plus an additional amount for a strategic reserve of at least 20,000 MT (136,000 MT total) are to be imported by Tunisia before the end of February, 1983. The scheduling between May, 1982 and February, 1983, should be such as to insure adequate supplies are at all points at all times.

2. Maintain an adequate supply of triple-super phosphate (TSP) in the distribution system to permit at least a seven (7) percent increase in the consumption of TSP equivalent during the 1982-83 crop period.

3. Improve the distribution system for fertilizer.

(a) Institute a significant increase in margins for different fertilizer distributors.

(b) Undertake construction of nine regional depots with approximately a total capacity of 80,000 MT for buffer stocks and have sufficient capacity in operation to handle the increased nitrogen stock level projected for February, 1983.

4. Conduct essential fertilizer-research and disseminate information via public and private channels.

(a) Initiate physical research on alternative lower-cost forms of fertilizer such as diammonium phosphate (DAP), urea and direct application of ammonia (NH<sub>3</sub>) or aqueous solutions of ammonia.

(b) Study the comparative costs per nutrient-kilogram of these and presently used fertilizers in relation to yield-response from the points of view of both the farmer and the national economy.

(c) Develop information material on fertilizer use for dissemination by private fertilizer dealers.

5. Initiate a multi-year study of factors constraining a greater use of yield-improving inputs on small and medium-size farms.

6. Continue programs to expand and improve extension, soil testing services and credit, especially for inputs, and to serve small and medium-size farmers.

7. Continue support for programs to increase the storage and handling capacity for basic agricultural commodities, especially cereals, at national, regional and community levels.

8. Support research to develop superior varieties of forage alfalfa (*Medicago* spp.) and cereal grains adapted to local conditions and resistant to major plant diseases in Tunisia. Building on information generated by the Special Foreign Currency Research Projects, it will include collection and evaluation of indigenous *Medicago* and cereal grain varieties, and breeding trials of the ones most likely

to produce commercial varieties. Indigenous Medicagos also will be studied for their potential utility in cropping rotations to reduce soil erosion and in providing livestock fodder during the fallow season.

Item VI - Economic Development Purposes for Which Proceeds Accruing to the Recipient Country Are to be Used:

A. The Government of Tunisia allots the proceeds accruing from the sale of the commodities financed under this Agreement to finance the self-help measures set forth in the Agreement, and for the development sectors of agricultural and rural development, in a manner designed to increase the access of the most disadvantaged population to an adequate, nutritious and stable food supply.

B. In the use of proceeds for these purposes, the Government of Tunisia intends to pay particular attention to improving the lives of the most disadvantaged population and its capacity to participate in the development of Tunisia.

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

DONE AT TUNIS, this seventeenth day of May 1982, in two original copies in both the English and French languages, both texts being equally authentic.

For the Government  
of the United States of America:

[Signed]

WALTER L. CUTLER  
Ambassador  
Embassy of the United States  
of America at Tunis

For the Government  
of the Republic of Tunisia:

[Signed]

AHMED BEN ARFA  
Director General  
of International Cooperation

PUBLIC LAW 480 TITLE I      SALES AGREEMENT  
MINUTES OF NEGOTIATION

During the month of April, 1982, representatives of the Republic of Tunisia's Ministry of Foreign Affairs, Ministry of Plan and Finances, Ministry of National Economy, and Ministry of Agriculture, met in a series of meetings with representatives of the U.S. Embassy and the A.I.D. Mission to negotiate an agreement amending certain portions of the June 7, 1976, Public Law 480 (PL 480) Title I Sales Agreement between the Government of the United States of America and the Government of the Republic of Tunisia.

SECTION I - SELF-HELP AND USE OF SALES PROCEEDS

1. During the negotiations, the U.S. representatives recalled certain sections and provisions of PL 480, e.g.:

(a) Section 106 (b) provides that in negotiating sales agreements, emphasis shall be placed on the use of proceeds from the sale of the commodities in the recipient country for purposes which directly improve the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country. Greatest emphasis is required to be placed on the use of such proceeds to carry out programs of agricultural development, rural development, nutritional planning and population planning.

(b) Section 109 (a) requires that, before entering into agreements for sale of commodities, the President shall consider the extent to which the recipient country is undertaking self-help measures to increase the per capita production and improve the means for storage and distribution of agricultural commodities. Furthermore, the President shall take into particular account the extent to which these measures are being carried out in ways designed to contribute directly to the development progress in poor rural areas and to enable the poor to participate actively in increasing agricultural production through small farm agriculture.

(c) Section 109 (d), which has been recently enacted, requires that in each agreement or amendment, the economic development and self-help measures which the recipient country agrees to undertake shall be described, to the maximum extent feasible, (1) in specific and measurable terms; and (2) in a manner which ensures that the poor people in the recipient country will be the major beneficiaries of the self-help measures pursuant to each agreement. Furthermore, the President shall, to the maximum extent feasible, take appropriate steps in each agreement entered into under Title I and in each amendment to such an agreement: (1) to assure that measures agreed to are additional to the measures that the recipient country otherwise would have undertaken irrespective of that agreement or amendment; and (2) to determine whether the economic development and self-help provisions of each agreement or amendment entered into are being fully carried out.

2. Throughout the discussions, it was noted that this 1982 Agreement is a part of the Multi-Year Title I strategy which is being initiated this year. It was agreed that certain steps in



the Tunisian program would be expanded consistent with the self-help measures described in this Agreement and the March, 1981, Program Paper defining the Tunisian PL 480 Title I Multi-Year Proposal. An aide-mémoire, Annexes A and B, developed through the common agreement of the two parties will assure the monitoring of the implementation of the self-help activities envisioned in the Agreement. It was also agreed that the parties would discuss periodically the progress of the individual program activities. It was further noted that achievement of these self-help measures would be a key factor among those governing the future availabilities of Title I financing and that both parties would use their best efforts to continue to achieve the Multi-Year Title I strategy.

3. Also, it was recognized that a sample survey of small and medium farmers is being conducted by the Ministry of Agriculture which will estimate small and medium farmers' use, access to, and knowledge of nitrogenous fertilizer.

4. The Ministry of Agriculture also agreed to continue or complete a number of studies supporting the Multi-Year activity, specifically:

(a) Stepped-up agronomic studies of fertilizer response in major Tunisian crops under local soil and climatic conditions.

(b) Preparation for expansion of soil testing through existing facilities and others to be established.

(c) A comparative study of the costs of alternative ways of providing fertilizer credit to be completed by the summer of 1982, in time for decisions to be made the following summer.

5. With respect to the specific Self-Help Measures of this year's Agreement, these were found to be generally self-explanatory. However, both parties stressed that in regard to the Self-Help Measures, the Tunisian Government has planned to take the following actions:

(a) Expand public fertilizer retail-sales outlets and encourage the expansion of private and cooperative fertilizer retail-sales outlets, including forty-one new facilities to be constructed.

(b) Expand the number of agricultural extension offices by 60 and provide additional in-service training to approximately 200 extension agents.

(c) Complete two laboratory facilities and initiate services for soil, water and plant tissue analyses.

(d) Increase the funding of production credit for cereals and the vegetables by approximately 27 million Tunisian dinars and make appropriate budget increases for other crops as well.

(e) Initiate the program for reinforcement of national storage capacity for cereals by an additional 100,000 metric tons.

6. It was agreed that the accelerated effort to certify land titles will result in the granting of a large number of possession certificates at a faster rate.

7. With respect to the Self-Help Measure concerning extension, it was especially noted that two-way communication flows to be encouraged between agents and farmers, on one hand, and agents and researchers on the other.

SECTION II - SUPPLEMENTAL INFORMATION

During these meetings, the terms of the proposed Agreement were reviewed and approved by all parties. In addition, the U.S. representatives explained that in order to expedite (a) the signing of the Agreement and (b) the implementation of the Agreement after signature, including the timely purchase and shipment of commodities not later than September 30, 1982, the Government of the Republic of Tunisia should:

1. Advise the U.S. Embassy in Tunisia of the following information:

(a) Type and grade of commodity to be purchased in accordance with official U.S. commodity (grain) grading standards.

(b) Proposed contracting and delivery schedule, i.e., delivery means the delivery of grain to the vessels in U.S. ports.

(c) Assurances that appropriate Government of Tunisia authorities are prepared to open Letters of Credit and to make prompt transfer of funds to cover (1) the initial payment of fifteen (15) percent and (2) the ocean freight costs for the commodities purchased under the Agreement.

(d) Name and complete address of (1) the bank in Tunisia and (2) the U.S. commercial bank through which Letters of Credit will be opened for commodity and ocean freight payments.

(e) Assurances that adequate storage and handling facilities will be available at the time the commodities purchased under the Agreement are exported from the U.S. to prevent unreasonable loss or spoilage.

(f) Assurances that the provision of the commodities financed under the Agreement would not act as a substantial disincentive to Tunisia's domestic agricultural production and marketing efforts.

2. Provide the Embassy of the Government of Tunisia in Washington with:

(a) Information described in Section II, paragraphs 1.(a), (b), (c), and (d) above.

(b) Complete instructions for and the authority to promptly request commodity Purchase Authorizations in writing, to purchase commodities, and to contract for ocean transportation (including the appointment of purchasing and/or shipping agents, if applicable).

(c) Instructions to contact the Program Operations Division, Export Credits Section, Foreign Agricultural Service, U.S. Department of Agriculture (Telephone: (Area Code 202) 447-5780) for further assistance in implementing the Agreement.

#### SECTION III - OPERATIONAL DATA

The U.S. representatives called attention to various operational procedures and reporting requirements as discussed below:

1. Public Law 480 Title I Regulatory and Legislative requirements mandate that purchases of agricultural food commodities under Title I agreements 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 shall conform to the IFB's. Bids 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.
2. Terms of all IFB's (including IFB's for ocean freight) must be approved, prior to issuance, by the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture. In addition, if the commodity IFB's issued by the Government of

Tunisia require a performance bond, the requirement must be fair to both buyer and seller. Officials of the U.S. Department of Agriculture are developing performance bond language which satisfies these concerns and which may be used in commodity IFB's; these officials will be available to coordinate the utilization of this performance bond language with the Tunisian Government's purchasing officials in the United States.

3. Commissions, fees or other payments to any selling agent, employed or engaged by the supplier to obtain a contract, are prohibited in any purchase of food commodities under Title I agreements.

4. If the Government of Tunisia nominates a purchasing or shipping agent to procure commodities or arrange ocean transportation under the Agreement, the Government of Tunisia must notify the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture in writing, of such a nomination and attach a copy of the proposed agency agreement. All purchasing and shipping agents must be approved by the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture in accordance with regulatory standards designed to eliminate certain potential conflicts-of-interest.

5. The Government of Tunisia must take appropriate measures to ensure that operable and irrevocable Letters of Credit for both commodity and ocean freight payments will be issued, advised or confirmed, by a U.S. commercial bank previously

designated by the Government of Tunisia, immediately after the commodities are purchased and ocean freight is booked.

6. The Government of Tunisia must open Letters of Credit for all (100 percent) of ocean freight costs, 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 the tonnage and rates specified in the applicable charter or booking note. Furthermore, commodity and ocean freight suppliers may refuse to load vessels when acceptable Letters of Credit for payments of commodity or ocean freight costs are not available at the time of vessel loading. This can result in costly claims by vessel owners (demurrage) and by commodity suppliers (carrying charges).

7. If an ocean freight contract provides for demurrage/dispatch, ninety (90) percent of the ocean freight must be paid promptly on arrival of the cargo. The remaining ten (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 vessel owner should receive 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 deducted from the ocean freight payments.

8. Reporting is an essential part of the PL 480 Title I sales program. Accordingly, the Government of Tunisia is responsible for the timely submission of reports required under the Standard Provisions of the Agreement as follows: Compliance Progress; Shipping and Arrival Information (ADP) Sheets; Self-Help; and Use of Sales Proceeds. Timely submission of the various reports is important because the information in them must be presented to the U.S. Congress on a regular schedule; failure to submit timely, accurate and substantive reports may delay the processing of future Title I requests. The Self-Help Report should contain sufficient details and explicit narrative to accurately convey to the U.S. Congress the extent of the progress achieved and to demonstrate that Title I proceeds in an amount equal to the disbursement have been used or will be used for the economic development purposes defined in Title I agreements.

9. The timing for submission of the reports to the U.S. Embassy is as follows:

(a) Progress Report on Compliance: Quarterly twenty (20) days after the close of each quarter, i.e., due on January 20, April 20, July 20, and October 20.

(b) Progress Report on Self-Help: Annually sixty (60) days after the close of the U.S. fiscal year, i.e., due on December 1.

(c) Shipping and Arrival Information (ADP) Sheets: For each shipment, ten (10) days after receiving from the U.S. Embassy the pertinent sheet covering each shipment.

(d) Use of Sales Proceeds: Annually nine (9) months after the close of each Tunisian fiscal year, i.e., due on September 30.

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

DONE AT TUNIS, this seventeenth day of May 1982, in two original copies in both the English and French languages, both texts being equally authentic.

For the Government  
of the United States of America:

[Signed]

WALTER L. CUTLER  
Ambassador  
Embassy of the United States  
of America at Tunis

For the Government  
of the Republic of Tunisia:

[Signed]

AHMED BEN ARFA  
Director General  
of International Cooperation



## ANNEX A

## PL 480 PROGRAM IMPLEMENTATION SCHEDULE - GOVERNMENT OF TUNISIA

(March 1982 to April 1983)

March 1982

- Transmit self-help report.
- Participate with A.I.D. in joint review of past year's progress and reach consensus on appropriate activities for the next year for the PL 480 self-help section.
- Begin preparation of a detailed 1982-83 implementation plan.
- Begin collection of 1982 "Enquete de Base" with expanded schedule containing new inputs section.

April 1982

- Conduct quarterly review of fertilizer situation and prepare 1982-83 schedule of imports.
- Initiate work on detailed computer program and analysis for Phase I study of small farmer constraints using 1982 "Enquete de Base" data.
- Negotiate and sign 1982 PL 480 Agreement.

May-July 1982

- Finalize schedule and arrangements for cereal imports under PL 480.
- Start construction of new fertilizer storage depots.
- Prepare detailed analytical plan for Phase I inputs using constraints analysis.
- Complete editing, punching and testing of schedules.
- Ministry of Agriculture completes review of 1983 agency budget.
- Announce decision of new private dealer and cooperative margin for AN and TSP.

July-September 1982

- Conduct quarterly fertilizer situation review.
- Plan and initiate research on costs/benefits of alternative forms of fertilizer.
- Finalize decision on arrangements for other approximately 40 wholesale/retail fertilizer facilities.
- Complete initial Phase I inputs/constraints computer runs.
- Complete literature review on alternative forms of fertilizer.

October-December 1982

- Complete Phase I constraints analysis tables.
- Initiate field-work on new forms of fertilizer.
- Complete Phase II initial research plan.
- Conduct quarterly fertilizer situation review.
- Complete review of other elements of program, i.e., Extension, Research, Soil Testing, Credit, Studies, etc.
- By end of period, have first fertilizer depots almost completed.
- Start work on other wholesale/retailer facilities, if they are to involve public construction.
- Complete review of adequacy of measures to stimulate private and cooperative distribution of fertilizer.

January-March 1983

- Complete first fertilizer depots.
- Complete draft of Phase I inputs use/constraints study.
- Complete final arrangements for Phase II constraints study including field testing of schedules.

March 1983

- Prepare and present basic data on progress.
- Participate in annual joint review.
- Discuss with A.I.D. actions planned for 1983-84 to be part of 1983 PL 480 Agreement.

April 1983

- Negotiate and sign 1983 PL 480 Agreement.
- Initiate field work on Phase II constraints study.
- Initiate additional action needed on various other elements such as, expansion in the fertilizer distribution system, measures to improve extension, research, credit, and soil testing.

## ANNEX B

## PL 480 PROGRAM IMPLEMENTATION SCHEDULE - U.S. GOVERNMENT

(March 1982 to April 1983)

March 1982

- Review past year's activities and results.
- Participate in joint discussions to reach a consensus on appropriate actions for 1982-83 which will be a basis for proposed self-help provisions for 1982 PL 480 Agreement.
- Draft and transmit to AID/W proposed negotiating instructions covering self-help provisions.

April 1982

- Sign 1982 PL 480 Agreement.

May-July 1982

- Issue Purchase Authorizations for commodities.

March 1982 to April 1983

- Monitor progress in program implementation, particularly for nitrogen.

April - July 1982

- Review projects to identify areas where A.I.D. assistance might be directed more specifically to support the PL 480 program, particularly:
  - Research on old and new forms of fertilizer and their relative costs and benefits to farmers and the national economy;
  - Expansion in credit;

- Expansion in extension and soil testing;
  - Study of constraints faced by small farmers; and
  - Study of additional measures needed to improve fertilizer supply, scheduling and distribution.
- Arrange resources to assist where feasible.

February 1983

- Arrange for participation in 1982-83 review.

March 1983

- Receive annual GOT report.
- Participate in annual joint GOT-AID progress review.
- Discuss action requirements for 1983-84 to be basis for self-help provisions.
- Draft proposed self-help clauses and transmit to AID/W.

April 1983

- Negotiate and sign 1983 PL 480 Agreement.
-