

No. 30296

**UNITED STATES OF AMERICA
and
POLAND**

**Agreement for sales of agricultural commodities (with agreed
minute). Signed at Warsaw on 28 August 1981**

Authentic text: English.

Registered by the United States of America on 28 September 1993.

**ÉTATS-UNIS D'AMÉRIQUE
et
POLOGNE**

**Accord relatif à la vente de produits agricoles (avec procès-
verbal établi d'un commun accord). Signé à Varsovie le
28 août 1981**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 28 septembre 1993.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE POLISH PEOPLE'S REPUBLIC FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Polish People's Republic:

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Polish People's Republic (hereinafter referred to as the importing country) 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 the importing country of its efforts to help itself toward a greater degree of self-reliance to meet its problems of food production;

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 goals;

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
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

¹ Came into force on 28 August 1981 by signature, in accordance with part III (A).

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 cost of 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 48 hours prior to the presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open an acceptable letter of credit, in United States dollars in favor of the supplier of the ocean transportation for 100 percent of 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 of 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 Subsection 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 type 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 the 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 one 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 the 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). 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 organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country.

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 made 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 importing^[1] 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);

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 1 of this agreement and any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized.

¹ Should read "exporting" — Devrait se lire « exporting ».

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 purpose 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 1. - COMMODITY TABLE:

COMMODITY	SUPPLY PERIOD (U.S. FY)	APPROXIMATE QUANTITY (MT)	MAXIMUM EXPORT MARKET VALUE (MILLIONS)
CORN	1981	350,000	DOLS 47.6
TOTAL		350,000	DOLS 47.6

Item 2. - PAYMENT TERMS: CONVERTIBLE LOCAL CURRENCY CREDIT:

- (A) Initial Payment - NONE;
- (B) Currency Use Payment - NONE;
- (C) Number of Instalment Payments - SEVEN (7);
- (D) Payment - APPROXIMATELY EQUAL ANNUAL INSTALLMENTS;
- (E) Due Date of First Installment Payment - FOUR (4) YEARS AFTER THE DATE OF LAST DELIVERY OF COMMODITIES IN EACH CALENDAR YEAR;
- (F) Initial Interest Rate - EIGHT (8) PERCENT;
- (G) Continuing Interest Rate - DURING SUBSEQUENT CALENDAR YEARS, INTEREST RATES WILL BE DESIGNATED BY THE CCC ANNUALLY FOR EACH PAYMENT AND SHALL BE BASED ON THE COST OF CCC BORROWINGS.

Item 3. - USUAL MARKETING TABLE:

COMMODITY	IMPORT PERIOD (U.S. FY)	USUAL MARKETING REQUIREMENT (MT)
CORN	1981	1.8 MILLION

Item 4. - EXPORT LIMITATIONS:

- (A) The export limitation period shall extend to December 31, 1981.
- (B) For the purposes of Part I, Article III (A)(4) of this agreement, the commodities which may not be exported are: corn, corn meal, corn flour, and products consisting primarily of corn origin.

Item 5. - SELF-HELP MEASURES:

The Government of the Polish People's Republic declares that it gives the highest priority to the development of the agricultural and rural sectors. Its Program on the Development of Agriculture contains the following objectives:

- 1). The increase of productivity and efficiency of Polish agriculture;

- 2). The decrease of the degree and scale of losses in agricultural production, especially in the animal feed producing sector during harvesting, transportation, storage and distribution;
- 3). The improvement of the processing of agricultural products through their better utilization and reduction of losses;
- 4). The measures which have been undertaken and are to be undertaken comprise actions to improve the supply and distribution of material input to all sectors of agriculture giving special attention to the increase of supply of farm machines and equipment, spare parts, fertilizers, pesticides, chemicals, feeding stuffs, coal, fuels and electrical energy. Those measures have as their objective to provide also technical assistance to agricultural service cooperatives and farmers in order to meet the need for adequate and timely provision of services.
- 5.) In order to achieve the above mentioned objectives the following actions are envisaged:
- restructuring of Polish industry to better meet the needs of agriculture; to this end the production potential shall be doubled by 1985;
 - improving the economic factors governing agricultural production such as price policy, fiscal and credit policy to restore the profitability of production and to stimulate its growth and efficiency as well as improving economic factors governing the functioning of the whole economy;
 - changes in land policy consisting in legal protection of agricultural land and its ownership, which would simultaneously stimulate the rationalization of the structure of the individual small farms;
 - changes in the system of management which are aimed at restoring full autonomy of enterprises and farms and at guaranteeing the right of undertaking decisions by territorial autonomous organizations in matters related to their activities.
- 6). Those undertakings shall be fully supported by Governmental assistance to provide financial, technical and managerial resources for their implementation.

Item 6. - ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO IMPORTING COUNTRY ARE TO BE USED:

The proceeds accruing to Poland from the sale of commodities financed under this agreement will be used for financing the measures set forth in Part II, Item 5 of the agreement, and for the agricultural and rural development sectors.

Part III - FINAL PROVISIONS

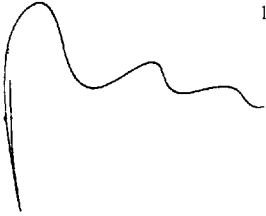
A. This agreement may be terminated by either Government by notice of termination to the other Government, and by the Government of the exporting country if it should determine that the self-help program described in the agreement is not being adequately developed. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

This Agreement shall enter into force upon signature.

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

DONE at Warsaw, in duplicate, this 28th day of August, 1981.

For the Government
of the United States of America:



1

For the Government
of the Polish People's Republic:



2

¹ Francis J. Meehan.

² Antoni Karas.

AGREED MINUTE

With Reference to the Agreement between the Government of the United States of America and the Government of the Polish People's Republic for Sales of Agricultural Commodities of August 28, 1981:

- I. The United States Government Representative requested necessary operational information which included:
1. type and grade of commodity to be purchased,
 2. proposed contracting and delivery schedules,
 3. name and address of bank in Poland and U.S. commercial bank through which L/C's would be issued.

Above information was submitted.

- II. The Representatives of the Government of the Polish People's Republic have been informed that the initial interest rate will be paid during first four years, and the interest rate following the grace period will equal the cost of the Commodity Credit Corporation borrowing from the U.S. Treasury as established January 2 each year:
1. Interest from preceeding installment to December 31, shall accrue at the rate established January 2 of the same calendar year.
 2. Interest from January 1st to the installment due date shall accrue at the rate established on January 2 of the same calendar year.

The Commodity Credit Corporation shall notify the Authorized Bank in Poland at least sixty (60) days prior to the due date of each installment as to the amount of interest due.

- III. It is mutually agreed that the Government of the Polish People's Republic will furnish annually (together with the self-help statement) a report on the use of funds by general budget categories of economic development as long as unexpended generated funds remain.
- IV. The U.S. Government Representative stated that the U.S. Government shall request an annual descriptive self-help statement to be received by December 15 covering the prior year activities for only as long as unexpended generated funds remain.
- V. The U.S. Government Representative, with respect to Article III (C) of the above-mentioned Agreement, read the following:

"The annual report is a comprehensive analytic report which should cover the current year. We appreciate that complete calendar year data will not be available and that the host government will likely have to use its best efforts to extrapolate from existing data to cover the entire year. Host government should relate information in the report to achievement of specific self-help provisions contained in the current year agreement. It is important that the annual Food for Peace report contain a record of specific self-help achievements. Hence, historical

data against which recent achievements can be measured should be included in the host government report."

For the United States Delegation:



R. MOORE

For the Polish Delegation:



T. JODKO

Warsaw, August 28, 1981
