No. 5516

UNITED STATES OF AMERICA
and
IRAN

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with exchange of notes). Signed at Tehran, on 26 July 1960

Official text of the Agreement: English.

Official texts of the notes: English and Persian.

Registered by the United States of America on 6 January 1961.

ÉTATS-UNIS D'AMÉRIQUE
et
IRAN

Accord relatif aux produits agricoles, conclu dans le cadre du titre I de la loi tendant à développer et à favoriser le commerce agricole, telle qu'elle a été modifiée (avec échange de notes). Signé à Téhéran, le 26 juillet 1960

Texte officiel de l'Accord: anglais.

Textes officiels des notes: anglais et persan.

Enregistré par les États-Unis d'Amérique le 6 janvier 1961.

No. 5516. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF IRAN UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT TEHRAN, ON 26 JULY 1960

The Government of the United States of America and the Government of Iran :

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States in these commodities, or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Considering that the purchase for Iranian rials of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Iranian rials accruing from such purchase will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales, as specified below, of surplus agricultural commodities to Iran pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

Article I

Sales for Iranian rials

Subject to the availability of commodities for programming under the Act and to issuance by the Government of the United States of America and acceptance by the Government of Iran of purchase authorizations, the Government of the United States of America undertakes to finance the sale for Iranian rials to purchasers authorized by the Government of Iran of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated :

[1] Came into force on 26 July 1960, upon signature, in accordance with article VI.

Commodity	*Export market value (millions)*
Wheat	$3.075
Ocean transportation	.615
TOTAL	$3.690

Applications for purchase authorizations will be made within 90 calendar days after the effective date of this Agreement. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Iranian rials accruing from such sale, and other relevant matters.

It is understood that the sale of wheat under this Agreement is not intended to increase the availability of this or like commodities for export and is made on the condition that no exports of such commodities will be made from Iran during the period that the wheat is being imported and utilized.

Article II

USES OF IRANIAN RIALS

The two Governments agree that the Iranian rials accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement, will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown :

a. For United States expenditures under subsections (*a*), (*b*), (*c*), (*d*), (*f*), (*h*), (*i*), (*j*), (*k*), (*l*), (*m*), (*n*), (*o*), (*p*), (*q*), and (*r*) of Section 104 of the Act or under any of such subsections, the Iranian rial equivalent of $1.29-million.

b. For loans to be made by the Export-Import Bank of Washington under Section 104 (*e*) of the Act and for administrative expenses of the Export-Import Bank of Washington in Iran incident thereto, the Iranian rial equivalent of $.74 million but not more than 25% of the currencies received under the Agreement. It is understood that :

(1) Such loans under Section 104 (*e*) of the Act will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Iran for business development and trade expansion in Iran, and to United States firms and Iranian firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of and markets for United States agricultural products.

(2) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Iran, acting through the Bank Melli. The Governor of the Bank Melli, or his designate, will act for the Government of Iran, and

the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.

(3) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the Bank Melli of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, and the general purposes for which the loan proceeds would be expended.

(4) When the Export-Import Bank is prepared to act favorably upon an application, it will so notify the Bank Melli and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to that prevailing in Iran on comparable loans, and the maturities will be consistent with the purposes of the financing.

(5) Within sixty days after the receipt of the notice that the Export-Import Bank is prepared to act favorably upon an application, the Bank Melli will indicate to the Export-Import Bank whether or not the Bank Melli has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Bank Melli it shall be understood that the Bank Melli has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Bank Melli.

(6) In the event the Iranian rials set aside for loans under Section 104 (*e*) of the Act are not advanced within 3 years from the dates of this Agreement because the Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the Bank Melli, the Government of the United States of America may use the Iranian rials for any purpose authorized by Section 104 of the Act.

c. For a loan to the Government of Iran under subsection (*g*) of Section 104 of the Act, the Iranian rial equivalent of not more than $1.66-million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Iran, as may be mutually agreed. The terms and conditions of the loan will be set forth in separate agreements between the two Governments. In the event that agreement is not reached on the use of the Iranian rials for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the Iranian rials for any purposes authorized by Section 104 of the Act.

d. In the event the total of Iranian rials accruing to the Government of the United States of America as a consequence of sales made is less than the Iranian rials equivalent of $3.69-million, the amount available for a loan pursuant to this Agreement to the Government of Iran under Section 104 (*g*) will be reduced by the amount of such difference; in the event the total Iranian rial deposit exceeds the equivalent of $3.69-million 45% of the excess will be available for a loan under Section 104 (*g*), 20% for loans under Section 104 (*e*), and 35% for any use or uses authorized by Section 104 as the Government of the United States of America may determine.

Article III

DEPOSIT OF IRANIAN RIALS

The deposit of Iranian rials to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Iran agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities to nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of surplus agricultural commodities, pursuant to the Agreement, will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or disrupt normal patterns of commercial trade with friendly countries.

3. In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of Iran agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrival and condition of commodities, and the provisions for the maintenance of usual marketings, and information relating to exports of the same or like commodities.