

No. 5887

**UNITED STATES OF AMERICA
and
ISRAEL**

**Exchange of notes (with Memorandum of Understanding)
constituting an agricultural commodities agreement
under Title I of the Agricultural Trade Development
and Assistance Act, as amended. Tel Aviv, 10 May 1961**

Official text: English.

Registered by the United States of America on 29 September 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISRAËL**

**Échange de notes (avec Mémorandum d'accord) constituant
un 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. Tel-Aviv, 10 mai 1961**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 29 septembre 1961.

No. 5887. EXCHANGE OF NOTES CONSTITUTING AN AGRICULTURAL COMMODITIES AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ISRAEL UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. TEL AVIV, 10 MAY 1961

I

The American Chargé d'Affaires ad interim to the Israeli Acting Minister for Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

Tel Aviv, May 10, 1961

No. 88

Excellency :

I have the honor to refer to conversations between representatives of our two Governments looking toward the conclusion of an Agreement involving the purchase by the Government of Israel of certain agricultural products and the utilization of the proceeds from such purchases. Our representatives have reached an understanding on the language for such an Agreement and Memorandum of Understanding that would form part of that Agreement.

AGRICULTURAL COMMODITIES AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ISRAEL UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED

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

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 of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries ;

¹ Came into force on 10 May 1961 by the exchange of the said notes.

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

Considering that the Israel pounds 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 Israel 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 ISRAEL POUNDS

1. Subject to the availability of commodities for programing under the Act and to issuance by the Government of the United States of America and acceptance by the Government of Israel of purchase authorizations, the Government of the United States of America undertakes to finance the sales for Israel pounds to purchasers authorized by the Government of Israel of the following agricultural commodities determined to be surplus pursuant to the Act, in the amounts indicated :

<i>Commodity</i>	<i>Export market value (million)</i>
Wheat and/or wheat flour	\$7.4
Feedgrains	7.5
Cottonseed and/or soybean oil	6.7
Nonfat dry milk	.7
Rice	.7
Tobacco	.2
Ocean transportation	2.7
TOTAL	\$25.9

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this Agreement, except that applications for purchase authorizations for any commodities or amounts of commodities provided for in any amendment to this Agreement will be made within 90 days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Israel pounds accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this agreement.

Article II

USES OF ISRAEL POUNDS

1. The Israel pounds 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), (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, ten percent of the Israel pounds accruing pursuant to this Agreement.

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 Israel incident thereto, twenty percent of the Israel pounds accruing pursuant to this 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 Israel for business development and trade expansion in Israel and to United States firms and Israel 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 Israel, acting through the Ministry of Finance. The Minister of Finance, or his designate, will act for the Government of Israel, 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 Ministry of Finance 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 Ministry of Finance 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 Israel 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 Ministry of Finance will indicate to the Export-Import Bank whether or not the Ministry of Finance has any objection to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Ministry of Finance, it shall be understood that the Ministry of Finance has no objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Ministry of Finance.