No. 7702

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 29 September 1964

Official text: English.

Registered by the United States of America on 23 April 1965.

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 29 septembre 1964

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 23 avril 1965.

No. 7702. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE IMPERIAL GOVERNMENT OF IRAN UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT TEHRAN, ON 29 SEPTEMBER 1964

The Government of the United States of America and the Imperial 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 of America 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 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 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

1. Subject to issuance by the Government of the United States of America and acceptance by the Imperial Government of Iran of purchase authorizations and to the availability of the commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the

[1] Came into force on 29 September 1964, upon signature, in accordance with article VI.

sales for Iranian rials, to purchasers authorized by the Imperial Government of Iran, of the following agricultural commodities in the amounts indicated:

Commodity	*Export Market Value (millions)*
Wheat/wheat flour	$9.6
Ocean transportation	$1.9
TOTAL	$11.5

2. Applications for purchase authorizations will be made within 90 days after the effective date of this agreement, except that applications for purchase authorizations for any additional 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 Iranian rials accruing from such sale, and other relevant matters.

3. 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

USES OF IRANIAN RIALS

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 proportions shown.

A. For United States expenditures under subsections (*a*), (*b*), (*d*), (*f*) and (*h*) through (*s*) of Section 104 of the Act, or under any of such subsections, 50 percent of the Iranian rials accruing pursuant to this agreement.

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as AID) under Section 104 (*e*) of the Act and for administrative expenses of AID in Iran incident thereto. 10 percent of the Iranian rials 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 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 AID and the Imperial Government of Iran, acting through the Bank Markazi Iran. The Governor of the Bank Markazi, or his designate, will act for the Imperial Government of Iran, and the Administrator of AID, or his designate, will act for AID.

(3) Upon receipt of an application which AID is prepared to consider, AID will inform the Bank Markazi 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 AID is prepared to act favorably upon an application, it will so notify the Bank Markazi 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 AID is prepared to act favorably upon an application, the Bank Markazi will indicate to AID whether or not the Bank Markazi has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from the Bank Markazi, it shall be understood that the Bank Markazi has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the Bank Markazi.

(6) To the extent the Iranian rials set aside for loans under Section 104 (*e*) of the Act are not used up within three years from the date of this agreement because AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the Bank Markazi, 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 Imperial Government of Iran under Section 104 (*g*) of the Act for financing such projects to promote economic development, including projects not heretofore included in plans of the Imperial Government of Iran, as may be mutually agreed, 40 percent of the Iranian rials accruing pursuant to this agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the Iranian rials for loan purposes under Section 104 (*g*) of the Act within three years from the date of this agreement, the Government of the United States of America may use the Iranian rials for any purpose authorized by Section 104 of the Act.

Article III

Deposit of Iranian rials

1. The amount of Iranian rials to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into Iranian rials, as follows :

(*a*) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursement by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Imperial Government of Iran, or

(*b*) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Imperial Government of Iran and the Government of the United States of America.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Iranian rials which become due under this agreement or which become due under any prior agricultural commodities agreement. A reserve will be maintained under this agreement for two years from the effective date of this agreement which may be used for the payment of such refunds. Any payment out of this reserve shall be treated as a reduction in the total rials accruing to the Government of the United States of America under this agreement.

Article IV

General undertakings

1. The Imperial Government of Iran will take all possible measures to prevent the resale 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, transshipment or use is specifically approved by the Government of the United States of America); to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities purchased pursuant to this agreement during the period beginning on the date of this agreement and ending with the final date on which such commodities are received and utilized, (except where such