

TURKEY

Agricultural Commodities

TIAS 6645

20 U.S.T. 438

February 6, 1969, Date-Signed

February 6, 1969, Date-In-Force

**STATUS:**

[\*1] Agreement signed at Ankara February 6, 1969;  
Entered into force February 6, 1969.

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE  
GOVERNMENT OF TURKEY FOR SALES OF AGRICULTURAL COMMODITIES

**TEXT:**

The Government of the United States of America and the Government of Turkey,

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Republic of Turkey (hereinafter referred to as the importing country) and with other friendly countries 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 developing countries of their efforts to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

Recognizing the policy of the exporting country to use its agricultural productivity to combat hunger and malnutrition in the developing countries, to encourage these countries to improve their [\*2] own agricultural production, and to assist them in their economic development;

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 n1 (hereinafter referred to as the Act), and the measures that the two Governments will take individually and collectively in furthering the above-mentioned policies;

-----Footnotes-----

n1 80 Stat. 1526; 7 U.S.C. § 1701 *et seq.*

-----End Footnotes-----

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 [\*3] forth in this agreement, including the applicable annex which is an integral part of 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 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 [\*4] 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 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 responsibility [\*5] to reimburse the Government of the exporting country or to deposit any local currency of the importing 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 presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for 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 an initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that proportion of the purchase price (excluding any ocean transportation costs that may be included therein) [\*6] 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. Type of Financing

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein, and special provisions relating to the sale are also set forth in Part II and in the applicable annex.

### C. 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 specified elsewhere in this agreement as follows:

1. 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.
2. 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 [\*7] two Governments.

## 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 exporting 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; [\*8]
2. 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); and
3. Take all possible measures to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities financed under 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 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 by which the Government of the importing country is seeking under its Five Year Plan to improve its production, storage, and distribution of agricultural commodities.

## D. Reporting [\*9]

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 Item I, Part II, of this agreement and any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized:

1. The following information in connection with each shipment of commodities received under the agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity

received; the condition in which received; the date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally, or, if shipped where shipped;

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 sections A 2 and 3 of this Article; and

4. Statistical data on imports and exports by country of origin or 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 [\*10] procedures to facilitate the reconciliation of their respective records of 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 which is not less favorable [\*11] to the Government of the exporting country than the highest of exchange rates legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest of exchange rates 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 and Exchange of Information

The two Governments shall, upon request of either of them consult and exchange information regarding any matter arising under this agreement, including the operation of arrangements carried out pursuant to this agreement and progress of agricultural development measures.

## I. Identification and Publicity

The Government of the importing country shall undertake such [\*12] measures as may be actually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity as provided for in subsection 103(1) of the Act.

## PART II - PARTICULAR PROVISIONS

### ITEM I. Commodity Table:

<b>Commodity</b>	<b>Supply Period (United States Fiscal Year)</b>	<b>Approximate Maximum Quantity (metric tons)</b>	<b>Maximum Export Market Value (U.S. \$ millions)</b>
Inedible Tallow	USFY 1969	25,000	3.8
Wheat/Wheat flour	USFY 1969	300,000	18.8
Ocean Transportation (estimated)		1.9 24.5	

### ITEM II. Payment Terms:

#### Convertible Local Currency Credit

##### 1. Initial Payment - None

2. Currency Use Payment - 50 percent of the dollar amount financed by the Government of the exporting country for agricultural commodities and related ocean transportation costs under this agreement is payable upon demand by the Government of the exporting country, in amounts as it may determine and in accordance with paragraph 6 of the Convertible Local Currency Credit Annex applicable to this agreement. No request for payment will be made by the Government of the exporting country prior to the first disbursement [\*13] by the Commodity Credit Corporation under this agreement and final payment will be requested no later than September 30, 1969.

3. Balance Payable in Installments - Approximately equal annual amounts.

4. Number of Installment Payments - 31.

5. Due Date of First Installment Payment - Ten years after date of last delivery of commodities in each

calendar year.

6. Initial Interest Rate - 2 percent

7. Continuing Interest Rate - 3 percent

ITEM III. Usual Marketing Table:

<b>Commodity</b>	<b>Import Period (United States Fiscal Year)</b>	<b>Usual Marketing Requirement (Metric tons)</b>
Tallow	USFY 1969	10,000  (all of which shall be imported from the United States)

ITEM IV. Export Limitations:

A. With respect to each commodity financed under this agreement, export limitation period for same or like commodities shall be the remainder of USFY 1969 and that part of any subsequent fiscal year during which relevant commodities financed under this agreement are being imported and utilized.

B. For the purpose of Part I, Article III A 3, of the agreement, commodities considered to be the same as, or like, commodities imported under this agreement are: for tallow - inedible tallow; [\*14] for wheat/ wheat flour - wheat and wheat products, rye, rice, and corn.

ITEM V. Self-Help Measures:

The United States Government recognizes the Government of Turkey under its Five Year Plan is seeking to:

1. Increase fertilizer availability to the following amounts:

1969 - 213,000 nutrient tons of nitrogen

340,000 nutrient tons of phosphate;

2. Improve the marketing of foodstuffs, including wider use of commercial grades and standards, in order to reduce the disparity between prices received by farmers and those paid by consumers;

3. Increase farm credit available for farmers and livestock feeders to purchase essential inputs and adopt modern production practices, and rapidly expand the supervised credit program which seeks to insure the direct use of funds made available on technological improvement;

4. Improve on-farm water management through Government programs for 1969 aimed at (a) adding 100,000 hectares newly irrigated land each year; (b) implementing scientific land leveling on 12,000 hectares in 1969; and (c) implementing limited conservation practices on an additional 240,000 hectares;

5. Encourage the development of the agricultural chemical and farm machinery industries [\*15] through private enterprise;

6. Strengthen the official statistical procedures for estimating the size of the wheat crop.

ITEM VI. Economic Development Purposes for Which Proceeds Accruing to Importing Country are to be Used:

The proceeds accruing to the importing country from sales of commodities received under this agreement shall be devoted to achievement of the agricultural self-help measures set forth above and to other economic development objectives.

ITEM VII. Other Provisions:

1. The Government of the exporting country elects, pursuant to paragraph 6 of the Convertible Local Currency Credit Annex, that all payments under Item II, Number 2 of this part be made in Turkish Lira which shall be used by the Government of the exporting country for payments of its obligations in the importing country.

2. Notwithstanding paragraph 4 of the Annex, the importing country may withhold from deposit in the special account referred to in such paragraph or may withdraw from the amounts deposited therein as much of the proceeds accruing to it from the sale of the commodities financed under this agreement as is equal to the amount of currency use payments made by the Government of [\*16] the importing country.

3. The Government of the importing country shall bear the costs of port charges at the discharge port except on deliveries made under a letter of conditional reimbursement issued by the Government of the exporting country before January 1, 1969. Except for these deliveries the balance of ocean transportation costs to be financed on credit terms pursuant to paragraph 1 of the Convertible Local Currency Credit Annex shall be reduced by 10 percent of the ocean transportation costs on packaged commodities carried as liner parcels where the freight rate includes the cost of stevedoring at the discharge port and by 2 percent on all other deliveries.,

### PART III - FINAL PROVISIONS

A. This agreement may be terminated by either Government by notice of termination to the other Government for any reason, including failure to comply with the provisions of relevant legislation of either country. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

B. This agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the [\*17] purpose, have signed the present agreement.

DONE at Ankara, in duplicate, this Sixth day of February 1969.

CONVERTIBLE LOCAL CURRENCY CREDIT ANNEX TO THE AGREEMENT BETWEEN THE

## GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF TURKEY FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on convertible local currency credit terms:

1. In addition to bearing the cost of ocean freight differential as provided in Part I, Article I F, of this agreement, the Government of the exporting country will finance on credit terms the balance of the costs for ocean transportation of those commodities that are required to be carried in United States flag vessels. The amount for ocean transportation (estimated) included in any commodity table specifying credit terms does not include the ocean freight differential to be borne by the Government of the exporting country and is only an estimate of the amount that will be necessary to cover the ocean transportation costs to be financed on credit terms by the Government of the exporting country. If this estimate is not sufficient to cover these costs, additional financing on credit [\*18] terms shall be provided by the Government of the exporting country to cover them.

2. With respect to commodities delivered in each calendar year, the principal of the credit (hereinafter referred to as principal) will consist of:

- a. 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, and
- b. The ocean transportation costs financed by the Government of the exporting country in accordance with paragraph 1 of this annex (but not the ocean freight differential).

This 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.

3. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year under this agreement shall begin on the date of dollar [\*19] 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 such 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 payment, and thereafter such interest shall be paid on the due dates of the subsequent installment payments. For the period 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.

4. The Government of the importing country shall deposit the proceeds accruing to it from the sale of commodities financed under this agreement (upon the sale of the commodities within the importing country) in a special account in its name that will be used for the sole purpose of holding the proceeds covered by this paragraph. Withdrawals [\*20] from this account shall be made for the economic development purposes specified in Part II of this agreement in accordance with procedures mutually

satisfactory to the two Governments. The total amount deposited under this paragraph shall not be 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 including the related ocean transportation costs 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 of the importing country to private or nongovernmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish, in such form and at such times as may be requested by the Government of the exporting country, but [\*21] not less frequently than on an annual basis, relevant information concerning the accumulation and use of these proceeds, including information concerning the programs for which proceeds are used, and, when the proceeds are used for loans, the prevailing rate of interest for comparable loans in the importing country.

5. The computation of the initial payment under Part I, Article II A, of this agreement and all computations of principal and interest under numbered paragraphs 2 and 3 of this annex shall be made in United States dollars.

6. All payments shall be in United States dollars or, if the Government of the exporting country so elects:

- a. 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 in the importing country, or
- b. 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 [\*22] Government of the exporting country for payment of its obligations.

**SIGNATORIES:**

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

Ambassador of the United States of America

Robert W. Komer

FOR THE GOVERNMENT OF THE REPUBLIC OF TURKEY

Minister of Commerce

Ahmet Turkel