

its own and private stocks, and allowing it, upon request, to serve as purchasing and/or shipping agent.

1977—Pub. L. 95-113 inserted provisions authorizing the Corporation, when requested by the purchaser of commodities, to serve as the purchasing or shipping agent, or both, in arranging the purchasing or shipping of the commodities.

Pub. L. 95-88 struck out proviso prohibiting the financing by the Commodity Credit Corporation of the sale and export of agricultural commodities where the exporter had engaged in any sales, trade, or commerce with North Vietnam, or with any resident thereof, or which owned or controlled any company so engaged either directly or indirectly, and struck out an additional proviso requiring that financing applications be accompanied by statements in which were listed the branches, etc., in which the applicant had a controlling interest and the companies which had a controlling interest in the applicant company.

1968—Pub. L. 90-436 inserted proviso that the Commodity Credit Corporation should not finance the sale and export of any agricultural commodities where the exporter has engaged in any sales, trade or commerce with North Vietnam, or with any resident thereof, or which owns or controls any company so engaged, or which is owned or controlled by any company or person so engaged either directly or indirectly, and the further proviso that the financing application be accompanied by a statement in which are listed the branches, etc., in which the applicant has a controlling interest and the companies which have a controlling interest in the applicant company.

1966—Pub. L. 89-808 incorporated provisions formerly constituting subsec. (a)(2), and struck out other provisions of subsec. (a) and (a)(1) relating to availability of stocks acquired in price support operations and ocean freight charges, such charges now covered by section 1708 of this title, and subsec. (b) for letters of commitment against funds or guaranties and establishment of accounts.

1964—Subsec. (a). Pub. L. 88-638 authorized Commodity Credit Corporation to finance ocean freight charges incurred under agreements entered into after Dec. 31, 1964, to extent such charges are higher because of requirement that commodities be shipped in United States flag vessels, and provided that such agreements require balance of such charges to be paid in dollars.

1955—Subsec. (a). Act Apr. 25, 1955, struck out requirement that exporters of privately owned stocks acquire an equivalent quantity of Commodity Credit Corporation stocks.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2008 AMENDMENT

Amendment by Pub. L. 110-246 effective May 22, 2008, see section 4(b) of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

##### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-624 effective Jan. 1, 1991, see section 1513 of Pub. L. 101-624, set out as a note under section 1691 of this title.

##### EFFECTIVE DATE OF 1977 AMENDMENTS

Amendment by Pub. L. 95-113 effective Oct. 1, 1977, see section 1901 of Pub. L. 95-113, set out as a note under section 1307 of this title.

Pub. L. 95-88, title II, §215, Aug. 3, 1977, 91 Stat. 552, provided that: "The provisions of this title [enacting sections 1712 to 1714 and 1727 to 1727f of this title, amending this section and sections 1427, 1431, 1692, 1703, 1706, 1711, 1721, 1722, 1723, 1726, 1731, and 1736b of this title, and enacting provisions set out as notes under sections 1708 and 1722 of this title] shall become effective October 1, 1977."

##### EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-808 effective Jan. 1, 1967, see section 5 of Pub. L. 89-808, set out as a note under section 1691 of this title.

#### § 1703. Terms and conditions of sales

##### (a) Payment

###### (1) Dollars

Except as provided in paragraph (2), agreements under this subchapter shall require that payment for agricultural commodities be made in dollars.

###### (2) Local currencies

###### (A) In general

The Secretary may permit payment under an agreement under this subchapter in the local currency of the appropriate country in order to use the proceeds from such payments to carry out activities under section 1704 of this title.

###### (B) Rates of exchange

Payments in local currency shall be at rates of exchange that are no less favorable than the highest exchange rate legally obtainable in the country and that are no less favorable than the highest exchange rate obtainable by any other country.

##### (b) Interest

Such agreements shall provide that interest accrue on the payment deferred under such agreement at a concessional rate as determined appropriate by the Secretary.

##### (c) Duration

Payments required under such agreements may be made in reasonable annual amounts over the period (not more than 30 years from the date of the last delivery of commodities in each year under such agreement) specified in the agreement.

##### (d) Deferral of payments

The Secretary may defer the date on which the developing country or private entity is required to begin making payment, under such agreements, for a period of not in excess of 5 years after the date of the last delivery of commodities in each year under the agreement, and interest shall be computed from the date of such last delivery.

##### (e) Delivery of commodities

Delivery of the commodities shall be made in accordance with the terms of the agreement.

(July 10, 1954, ch. 469, title I, §103, 68 Stat. 456; Aug. 12, 1955, ch. 873, §1, 69 Stat. 721; May 28, 1956, ch. 327, title II, §208(a), 70 Stat. 201; Aug. 3, 1956, ch. 933, §1, 70 Stat. 988; Pub. L. 85-128, §1(2), Aug. 13, 1957, 71 Stat. 345; Pub. L. 85-931, §2, Sept. 6, 1958, 72 Stat. 1790; Pub. L. 86-341, title I, §2, Sept. 21, 1959, 73 Stat. 606; Pub. L. 87-28, May 4, 1961, 75 Stat. 64; Pub. L. 87-128, title II, §201(2), Aug. 8, 1961, 75 Stat. 306; Pub. L. 88-638, §1(4), (5), Oct. 8, 1964, 78 Stat. 1035; Pub. L. 89-808, §2(B), Nov. 11, 1966, 80 Stat. 1526; Pub. L. 90-436, §§4, 5, July 29, 1968, 82 Stat. 450; Pub. L. 91-524, title VII, §703, Nov. 30, 1970, as added Pub. L. 93-86, §1(26), Aug. 10, 1973, 87 Stat. 237; Pub. L. 93-125, §1(e), Oct. 18, 1973, 87 Stat. 450; Pub. L. 94-161, title II, §203, Dec. 20, 1975, 89 Stat. 851; Pub. L. 95-88, title II, §§201(b), 211(b)(1), Aug. 3, 1977, 91 Stat. 545, 551; Pub. L. 95-424, title I, §102(b)(2)(B), Oct. 6, 1978, 92 Stat. 941; Pub. L. 96-53, title II,

§201, Aug. 14, 1979, 93 Stat. 368; Pub. L. 97-113, title IV, §401(2)-(4), Dec. 29, 1981, 95 Stat. 1537; Pub. L. 99-198, title XI, §1111(d), Dec. 23, 1985, 99 Stat. 1475; Pub. L. 100-202, §9, Dec. 22, 1987, 101 Stat. 1329-448; Pub. L. 101-624, title XV, §1512, Nov. 28, 1990, 104 Stat. 3634; Pub. L. 104-127, title II, §204, Apr. 4, 1996, 110 Stat. 953.)

### Editorial Notes

#### AMENDMENTS

1996—Subsec. (a)(2)(A). Pub. L. 104-127, §204(1), struck out “a recipient country to make” after “may permit” and substituted “the appropriate country” for “such country”.

Subsec. (c). Pub. L. 104-127, §204(2), struck out “less than 10 nor” before “more than 30”.

Subsec. (d). Pub. L. 104-127, §204(3), substituted “developing country or private entity” for “recipient country” and “5 years” for “7 years”.

1990—Pub. L. 101-624 amended section generally, substituting present provisions for provisions requiring President to consider efforts of recipients to increase agricultural production, determine amount needed in foreign currencies, protect other markets for United States commodities, make sales only to friendly countries, use private trade channels whenever practicable, consider expansion of markets, prevent resale by recipients, obtain favorable exchange rates, emphasize production of food crops, assist friendly countries in avoiding Communist domination, require payment of at least 5 per centum of purchase price upon delivery in dollars or convertible currency, obtain commitments from recipients to publicize source of food, require convertibility of foreign currencies, avoid displacement of sales that would otherwise have been made, assure United States obtains fair share in increase of commercial purchases by recipients, assure convertibility of foreign currencies at uniform exchange rates, and favor countries promoting private sector in allocation of commodities.

1987—Subsec. (r). Pub. L. 100-202 added subsec. (r).

1985—Subsec. (b). Pub. L. 99-198, §1111(d)(1), inserted “, in section 1708 of this title,” after “section 1704 of this title”.

Subsec. (d). Pub. L. 99-198, §1111(d)(2), struck out “for dollars on credit terms” after “agricultural commodities”.

Subsec. (m). Pub. L. 99-198, §1111(d)(3), inserted introductory text “except as provided in section 1708 of this title,” substituted a period for the semicolon at end of cl. (2), and inserted provisions respecting period for convertibility of foreign currencies into dollars and establishment in the agreement for sale of a schedule for conversion without specifying the exchange rate.

Subsec. (n). Pub. L. 99-198, §1111(d)(4), struck out “for dollars on credit terms” after “sales” and “for cash dollars” after “made”.

Subsec. (o). Pub. L. 99-198, §1111(d)(5), substituted “take” for “Take”.

Subsecs. (p), (q). Pub. L. 99-198, §1111(d)(6), (7), substituted “except as provided in section 1708 of this title, assure convertibility” for “Assure convertibility”.

1981—Subsec. (b). Pub. L. 97-113, §401(2), struck out requirement that President take steps to assure a progressive transition from sales for foreign currencies to sales for dollars (or to the extent that transition to sales for dollars under the terms applicable to such sales is not possible, transition to sales for foreign currencies on credit terms no less favorable to the United States than those for development loans made under section 2151t of title 22, and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement) at a rate whereby the transition can be completed by Dec. 31, 1971; and struck out reference to subsec. (c) of section 1704 of this title.

Subsec. (d). Pub. L. 97-113, §401(3), in defining “friendly country”, struck out provision excluding from term

“for the purpose only of sales of agricultural commodities for foreign currencies under this subchapter, any country or area dominated by a Communist government”.

Subsec. (l). Pub. L. 97-113, §401(4), struck out requirement that President obtain commitments from friendly purchasing countries that will insure, insofar as practicable, that food commodities sold for foreign currencies under this subchapter shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America.

1979—Subsec. (f). Pub. L. 96-53 substituted provisions requiring Presidential consideration to the development and expansion of markets for United States agricultural commodities and local foodstuffs, for provisions requiring special Presidential consideration to the development and expansion of foreign markets for United States agricultural commodities.

1978—Subsec. (b). Pub. L. 95-424 substituted “section 2151t of title 22” for “section 2161 of title 22”.

1977—Subsec. (b). Pub. L. 95-88, §211(b)(1), substituted “and in subchapters I and III-A of this chapter” for “and in section 1706(b)(2) of this title” after “uses specified in subsections (a), (b), (c), (e), and (h) of section 1704”.

Subsec. (d). Pub. L. 95-88, §201(b), struck out provisions that “friendly country” not include, for the purpose only of sales of agricultural commodities under this subchapter, any nation which sold or furnished or permitted ships or aircraft under its registry to transport to or from Cuba or North Vietnam (excluding United States installations in Cuba) any equipment, materials, or commodities so long as they were governed by a Communist regime: *Provided*, That this exclusion from the definition of “friendly country” could be waived by the President if he determined that such waiver was in the national interest and reported such determination to the Congress within 10 days of the date of such determination, and struck out provisions that “friendly country” also not include, for the purposes only of sales under this subchapter, the United Arab Republic, unless the President determined that such sale was in the national interest of the United States, that no sales to the United Arab Republic be based upon the requirements of that nation for more than one fiscal year, and that the President keep the President of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under this subchapter.

1975—Subsec. (a). Pub. L. 94-161, §203(1), substituted “efforts to increase their own agricultural production, especially through small, family farm agriculture, to improve their facilities for transportation, storage, and distribution of food commodities, and to reduce their rate of population growth” for “efforts to meet their problems of food production and population growth”.

Subsec. (b). Pub. L. 94-161, §203(2), substituted “section 1704 and in section 1706(b)(2) of this title” for “section 1704 of this title”.

Subsec. (d). Pub. L. 94-161, §203(3), substituted second proviso “*Provided*, That this exclusion from the definition of ‘friendly country’ may be waived by the President if he determines that such waiver is in the national interest and reports such determination to the Congress within 10 days of the date of such determination” for “*Provided*, That with respect to furnishing, selling, or selling and transporting to Cuba medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, sales agreements may be entered into if the President finds with respect to each such country and so informs the Senate and the House of Representatives of the reasons therefor, that the making of each such agreement would be in the national interest of the United States and all such findings and reasons therefor shall be published in the Federal Register”.

1973—Subsec. (o). Pub. L. 93-125 made technical correction to Pub. L. 93-86, see 1973 Amendment note below.

Pub. L. 91-524, §703, as added by Pub. L. 93-86 as amended by Pub. L. 93-125, inserted "and that commercial supplies are available to meet demands developed through programs carried out under this chapter." before the semicolon at end.

1968—Subsec. (b). Pub. L. 90-436, §4, made mandatory, except when determined by President to be inconsistent with objectives of this chapter, proviso that President, in agreements for credit sales, require immediate payment in dollars or in foreign currencies upon delivery of agricultural commodities, such payment to be considered as an advance payment of earliest obligations.

Subsecs. (o) to (q). Pub. L. 90-436, §5, added subsecs. (o) to (q).

1966—Subsec. (a). Pub. L. 89-808 substituted provisions respecting self-help measures for meeting problems of food production and population growth for former provisions for appropriations for reimbursement of Commodity Credit Corporation, advance use of other funds, and classification of expenditures, now provided for in part by section 1733 of this title.

Subsec. (b). Pub. L. 89-808 substituted provisions respecting taking steps to assure a progressive transition from sales for foreign currencies to sales for dollars (such transition to be completed by December 31, 1971) but authorizing payment in foreign currencies for purposes of section 1704(a) to (c), (e), and (h) of this title for former limitation on transactions, now provided for by section 1710 of this title.

Subsec. (c). Pub. L. 89-808 redesignated provisions of former section 1701(a) of this title as subsec. (c), substituting "subchapter" for "chapter".

Subsec. (d). Pub. L. 89-808 redesignated provisions of former section 1707 of this title as subsec. (d), provided for sales agreements only with friendly countries and for periodic reports to Congress of status of such countries, deleted from definition of "friendly country" (formerly "friendly nation") clause "(1) the U.S.S.R.", redesignated cls. (2) to (4) as (1) to (3), substituted "country" for "nation", struck out "or controlled" after "dominated" in cl. (2), amended cl. (3) to include North Vietnam, insert selling or furnishing ships or aircraft, substitute "so long as they are governed by a Communist regime" for "so long as Cuba is governed by the Castro regime", and provided for entry into sales agreements when in the national interest for furnishing, selling, or selling and transporting to Cuba medical supplies, etc., upon information to Congress and publication in Federal Register, designated existing provisions as cl. (4), and substituted requirement of information to the President of the Senate of sales to United Arab Republic rather than the Foreign Relations Committee and Appropriations Committee of the Senate.

Subsec. (e). Pub. L. 89-808 redesignated provisions of former section 1701(b) of this title as subsec. (e), inserting provision for the taking of steps to assure that small business has adequate and fair opportunity to participate in sales made under authority of this chapter.

Subsec. (f). Pub. L. 89-808 redesignated provisions of former section 1701(c) of this title as subsec. (f), substituting "the development and expansion of foreign markets for United States agricultural commodities" for "utilizing the authority and funds provided by this chapter, in order to develop and expand continuous market demand abroad for agricultural commodities" and "emphasis on more adequate storage, handling, and food distribution facilities as well as long-term development of new and expanding markets by encouraging economic growth" for "emphasis on underdeveloped and new market areas".

Subsec. (g). Pub. L. 89-808 redesignated provisions of former section 1701(d) of this title as subsec. (g), substituted "obtain", "purchasing countries", and "subchapter" for "seek and secure", "participating countries", and "chapter" and struck out "surplus" before "agricultural commodities".

Subsec. (h). Pub. L. 89-808 redesignated provisions of former section 1701(f) of this title as subsec. (h).

Subsec. (i). Pub. L. 89-808 added subsec. (i).

Subsec. (j). Pub. L. 89-808 incorporated in provisions added as subsec. (j) former section 1693 of this title, substituting "to be independent of domination or control by any world Communist movement" for "to be independent of trade with the Union of Soviet Socialist Republics or the Communist regime in China and with nations dominated or controlled by the Union of Soviet Socialist Republics" and "sales agreements under this subchapter with any government or organization controlling a world Communist movement or with any country with which the United States does not have diplomatic relations" for "transactions under this subchapter or subchapter I of this title with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China" and struck out provision for prevention of increased availability of commodities to unfriendly nations.

Subsec. (k). Pub. L. 89-808 added subsec. (k).

Subsec. (l). Pub. L. 89-808 added subsec. (l).

Subsec. (m). Pub. L. 89-808 redesignated provisions of former section 1701(g) of this title as par. (1) and added par. (2).

Subsec. (n). Pub. L. 89-808 incorporated in provisions added as subsec. (n) part of former section 1734 of this title requiring the Secretary to take such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary found and determined would otherwise be made for cash dollars.

1964—Subsec. (a). Pub. L. 88-638, §1(4), directed the President to classify expenditures under this chapter as for international affairs and finance rather than for agriculture and agricultural resources.

Subsec. (b). Pub. L. 88-638, §1(5), substituted "1965" for "1962", "1966" for "1964", and "\$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this chapter as in effect during such years" for "\$4,500,000,000".

1961—Subsec. (b). Pub. L. 87-128 substituted authorization provision of \$4,500,000,000 for period beginning January 1, 1962, and ending December 31, 1964, with a limitation of \$2,500,000,000 for any one calendar year, for authorization provision of \$1,500,000,000 plus any amount by which agreements entered into in the preceding calendar year called for appropriations in amount less than authorized for such preceding year by this chapter as in effect during the preceding year for period beginning January 1, 1960, and ending December 31, 1961.

Pub. L. 87-28 authorized agreements during the calendar year 1961 calling for appropriations of not more than \$3,500,000,000 plus any unused authority carried over from 1960.

1959—Subsec. (b). Pub. L. 86-341 substituted "in any calendar year during the period beginning January 1, 1960, and ending December 31, 1961" for "during the period beginning July 1, 1958, and ending December 31, 1959", "\$1,500,000,000" for "\$2,250,000,000", "in the preceding calendar year" for "in prior fiscal years", "for such preceding year" for "for such prior fiscal years", and "during such preceding year" for "during such fiscal years".

1958—Subsec. (b). Pub. L. 85-931 amended subsec. (b) generally, substituting "Agreements entered into" for "Transactions carried out", providing for \$2,250,000,000 for sales between July 1, 1958, and Dec. 31, 1959, and for carrying over unused authorizations from one fiscal to succeeding fiscal years, and striking out clause that limitation on sales shall not be apportioned by year or by country and shall be considered as an objective to be reached as rapidly as possible within the safeguards of this chapter.

1957—Subsec. (b). Pub. L. 85-128 substituted "\$4,000,000,000" for "\$3,000,000,000".

1956—Subsec. (a). Act May 28, 1956, authorized appropriations equal to all Commodity Credit Corporation funds expended for ocean freight costs.

Subsec. (b). Act Aug. 3, 1956, increased from \$1,500,000,000 to \$3,000,000,000 the limitation on sales.

1955—Subsec. (b). Act Aug. 12, 1955, increased from \$700,000,000 to \$1,500,000,000 the limitation on sales, and provided that this limitation shall not be apportioned by year or by country.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-624 effective Jan. 1, 1991, see section 1513 of Pub. L. 101-624, set out as a note under section 1691 of this title.

##### EFFECTIVE DATE OF 1979 AMENDMENT

Amendment by Pub. L. 96-53 effective Oct. 1, 1979, see section 512(a) of Pub. L. 96-53, set out as a note under section 2151 of Title 22, Foreign Relations and Intercourse.

##### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-424 effective Oct. 1, 1978, see section 605 of Pub. L. 95-424, set out as a note under section 2151 of Title 22, Foreign Relations and Intercourse.

##### EFFECTIVE DATE OF 1977 AMENDMENT

Amendment by Pub. L. 95-88 effective Oct. 1, 1977, see section 215 of Pub. L. 95-88, set out as a note under section 1702 of this title.

##### EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-808 effective Jan. 1, 1967, see section 5 of Pub. L. 89-808, set out as a note under section 1691 of this title.

##### EFFECTIVE DATE OF 1964 AMENDMENT

Pub. L. 88-638, §1(5), Oct. 8, 1964, 78 Stat. 1035, provided that the amendment made by section 1(5) is effective Jan. 1, 1965.

##### EFFECTIVE DATE OF 1961 AMENDMENT

Pub. L. 87-128, title II, §201(2), Aug. 8, 1961, 75 Stat. 306, provided that the amendment made by section 201(2) is effective Jan. 1, 1962.

##### EFFECTIVE DATE OF 1959 AMENDMENT

Pub. L. 86-341, title I, §2, Sept. 21, 1959, 73 Stat. 606, provided that the amendment made by section 2 is effective Jan. 1, 1960.

### § 1704. Use of local currency payment

#### (a) In general

Agreements under this subchapter may provide that the Secretary shall use payments made in local currencies by the developing country or private entity in accordance with this section.

#### (b) Special account

Foreign currencies received by the Secretary under this subchapter shall be deposited in a separate account, that may be interest-bearing, to the credit of the United States and such currencies and interest thereon shall be used as provided for in this section.

#### (c) Activities

The proceeds from the payments referred to in subsection (a) may be used in the appropriate developing country, through agreements with recipient governments, private voluntary organizations, and cooperatives, for the following:

##### (1) Agricultural development

To support—

(A) increased agricultural production, including availability of agricultural inputs, with emphasis on small farms, processing of agricultural commodities, forestry management, and land and water management;

(B) credit policies for private-sector agriculture development;

(C) establishment and expansion of institutions for basic and applied agricultural research and the use of such research through development of extension services;

(D) programs to control rodents, insects, weeds, and other animal or plant pests; and

(E) the improvement of the trade capacity of the recipient country.

##### (2) Agricultural business development loans

To make loans to United States business entities (including cooperatives) and branches, subsidiaries, or affiliates of such entities for development of agricultural businesses and agricultural trade capacity in such appropriate developing countries.

##### (3) Agricultural facilities loans

To make loans to domestic or foreign entities (including cooperatives) for the establishment of facilities for aiding in the utilization or distribution of agricultural products.

##### (4) Trade promotion

To promote agricultural trade development, under procedures established by the Secretary, by making loans or through other activities (including trade fairs to promote agricultural products produced in appropriate developing countries) that the Secretary determines to be appropriate.

##### (5) Private sector agricultural trade development

To conduct private sector agricultural trade development activities in the appropriate developing country, as determined appropriate by the Secretary.

##### (6) Research

To conduct research in agriculture, forestry, and aquaculture, including collaborative research which is mutually beneficial to the United States and the appropriate developing country.

##### (7) United States obligations

To make payments of United States obligations (including obligations entered into pursuant to other laws).

##### (8) Safe water and sanitation

To provide assistance under section 2152h<sup>1</sup> of title 22 to promote good health, economic development, poverty reduction, women's empowerment, conflict prevention, and environmental sustainability by increasing affordable and equitable access to safe water and sanitation.

#### (d) Fiscal requirements regarding use of local currencies

##### (1) Exemption

Section 1306 of title 31 shall not apply to local currencies used by the President under paragraphs (1) through (7) of subsection (c).

<sup>1</sup> See References in Text note below.