

No. 3434

**UNITED STATES OF AMERICA
and
JAPAN**

**Agreement (with official minutes and exchange of notes)
on agricultural commodities. Signed at Tokyo, on
31 May 1955**

Official texts: English and Japanese.

Registered by the United States of America on 22 May 1956.

**ÉTATS-UNIS D'AMÉRIQUE
et
JAPON**

**Accord (avec procès-verbal et échange de notes) relatif aux
produits agricoles. Signé à Tokyo, le 31 mai 1955**

Textes officiels anglais et japonais.

Enregistré par les États-Unis d'Amérique le 22 mai 1956.

No. 3434. AGREEMENT¹ ON AGRICULTURAL COMMODITIES BETWEEN THE UNITED STATES OF AMERICA AND JAPAN. SIGNED AT TOKYO, ON 31 MAY 1955

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

Considering the mutual benefits to be derived from the sale by the United States of America and the purchase by Japan of United States agricultural commodities under provisions of the Agricultural Trade Development and Assistance Act of 1954 of the United States of America;

Considering the desirability of grants by the United States of America of United States agricultural commodities under provisions of the said Act in order to expand the school children's welfare programs in Japan; and

Considering that the proceeds accruing from the purchases above will be utilized in a manner beneficial to both countries;

Have agreed as follows :

Article I

1. The Government of the United States of America undertakes to finance and the Government of Japan agrees to arrange for the purchase of United States agricultural commodities valued at Eighty Five Million United States Dollars (\$85,000,000), including transportation to the extent financed by the Government of the United States of America, pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, under purchase authorizations to be issued during the current United States fiscal year ending June 30, 1955.

2. The commodities to be sold and purchased and the value of each commodity up to which purchase authorizations will be issued by the Government of the United States of America are as follows :

<i>Commodity</i>	<i>Value (million dollars)</i>
Wheat	\$22.5
Barley	3.5
Rice	15.0
Cotton	35.0
Tobacco	5.0
Ocean transportation (estimated)	4.0
TOTAL	\$85.0

¹ Came into force on 25 June 1955, the date of receipt by the Government of the United States of America of a note from the Government of Japan stating that Japan has approved the Agreement in accordance with its legal procedures, in accordance with article IX.

Article II

1. The Government of the United States of America shall provide for the disbursement to United States exporters of the United States dollars required for the purchases referred to in Article I. Upon receipt by the Government of Japan of notice of such dollar disbursement or in such other manner as may be mutually agreed the Government of Japan shall provide for the deposit of the yen equivalent of dollar disbursement by the Government of the United States of America, for payment of the transaction concerned, in a special account of the Government of the United States of America in the Bank of Japan (hereinafter referred to as the "United States account").

2. The yen to be deposited in the United States account will be the dollar sales value of the commodity including that portion of freight and handling reimbursed or financed by the Government of the United States of America (but not including the extra cost of any ocean freight resulting from a United States requirement that the commodity be carried on United States flag vessels) converted into yen at the par value of yen established by the Government of Japan and agreed with the International Monetary Fund prevailing on the dates of dollar disbursements by the Government of the United States of America provided there are no legally available multiple rates of exchange.

Article III

Subject to mutually acceptable arrangements regarding terms and conditions, the Government of the United States of America undertakes to make grants of agricultural commodities to expand school children's welfare programs of Japan, pursuant to Title II of the Agricultural Trade Development and Assistance Act of 1954. The total of such commodity grants will not exceed Twelve Million United States Dollars (\$12,000,000) worth of wheat and/or nonfat dried milk solids and Three Million United States Dollars (\$3,000,000) worth of cotton in terms of Commodity Credit Corporation costs.

Article IV

1. The commodities acquired by Japan pursuant to this Agreement shall be consumed in Japan except as the two Governments may agree. The acquisition of these commodities by Japan shall 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 reasonable precautions will be taken to assure that the sale or grant of agricultural commodities pursuant to this Agreement will neither unduly disrupt world market prices of agricultural commodities nor displace the usual marketings of the United States of America

in these commodities nor materially impair trade relations among the free nations of the world.

3. In carrying out this Agreement, the two Governments will seek to assure that private trade channels are used to the maximum extent practicable.

Article V

1. The Government of the United States of America will use thirty percent (30%) of the yen deposited in the United States account for the following purposes and in the indicated ratios, except as otherwise agreed, of the total deposits :

- (1) To procure military equipment, material, facilities and services for the common defense : seventeen eighty-fifths;
- (2) To finance the purchase of goods or services for other countries : five point five eighty-fifths;
- (3) To help develop new markets for United States agricultural commodities on a mutually benefiting basis : two eighty-fifths;
- (4) To finance international educational exchange activities : point seven five eighty-fifths; and
- (5) To pay United States obligations in Japan : point two five eighty-fifths.

2. The yen to be used by the Government of the United States of America pursuant to this Article shall be expended by the Government of the United States of America in such manner and order of priority as it shall determine, but with due consideration to the effects of such expenditures on the Japanese economy and possible conflicts with Japanese interests.

3. Those of the expenditures to be made by the Government of the United States of America under paragraph 1 above which fall within the scope of Article VI and Annex E of the Mutual Defense Assistance Agreement between the United States of America and Japan signed at Tokyo on March 8, 1954,¹ will be granted the exemption from and refund of Japanese duties and taxes provided for therein.

Article VI

1. Seventy percent (70%) of the deposits referred to in Article II, paragraph 1, is convertible into United States dollars through the Bank of Japan and will be so converted by the said Bank which will credit these dollars to the Government of Japan as disbursements under a loan to be made by the Govern-

¹ United Nations, *Treaty Series*, Vol. 232, p. 169.

ment of the United States of America through the Export-Import Bank of Washington to the Government of Japan. The Government of Japan agrees to accept this loan which will be made under the following conditions :

- (1) Period : 40 years, starting from June 30, 1955.
- (2) Payment dates : Payments in semi-annual installments, first payment of interest to be made on December 31, 1958, and first payment of principal to be made on June 30, 1959.
- (3) Payments of principal and interest : To be made in United States dollars.
- (4) Interest : (i) Rate : 3 percent per annum.
(ii) No interest shall accrue for the first three years.
- (5) Notwithstanding the provisions of subparagraphs (3) and (4) above, the payments of principal and interest may be effected in yen on any payment date at the sole option of the Government of Japan; the interest rate for such payments will be 4 percent per annum. The Government of the United States of America agrees to take into consideration the economic position of Japan in connection with any contemplated use of the yen paid to the Government of the United States of America hereunder.
- (6) Other details and procedures of the loan, and/or modifications thereof, shall be mutually agreed upon between the Government of the United States of America or the Export-Import Bank of Washington, an agency thereof and the Government of Japan.

2. The loan referred to in paragraph 1 above will be used at the discretion of the Government of Japan, within the agreed categories, for economic development purposes consistent with Section 104, subparagraph (g), of the Agricultural Trade Development and Assistance Act of 1954.

Article VII

Detailed arrangements necessary for the operation of this Agreement shall be agreed upon between the two Governments.

Article VIII

The two Governments shall, upon request of either of them, consult regarding any matter relating to the application of this Agreement or operations carried out pursuant to this Agreement.

Article IX

This Agreement shall enter into force on the date of receipt by the Government of the United States of America of a note from the Government of Japan stating that Japan has approved the Agreement in accordance with its legal procedures.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed this Agreement.

DONE in duplicate, in the English and Japanese languages, both equally authentic, at Tokyo, this thirty-first day of May, one thousand nine hundred fifty-five.

For the United States of America :

John M. ALLISON

[SEAL]

For Japan :

Mamoru SHIGEMITSU

[SEAL]

AGREED OFFICIAL MINUTES WITH RESPECT TO THE AGREEMENT ON AGRICULTURAL COMMODITIES BETWEEN THE UNITED STATES OF AMERICA AND JAPAN

1. With regard to the ocean transportation features of Article I of the Agreement, it is agreed that :

(a) The \$4 million earmarked for transportation costs is intended to finance the transportation costs of only that portion (50 per cent) of the commodities in the Title I Program (excluding cotton) which are required by the United States Government to be carried on United States flag vessels.

(b) The costs of ocean transportation for all commodities carried on non-United States flag vessels and for commodities carried on United States flag vessels over and above the volume required to be so carried (50 per cent) will not be financed by the United States Government.

(c) The \$35 million earmarked for cotton includes the estimated cost of ocean freight to be financed by the United States Government. The full amount of the \$35 million shall be available for cotton and ocean freight on cotton but

the division of the funds between commodity and transportation costs will depend on how the cotton is actually procured and shipped.

(d) The \$4 million earmarked for transportation costs does not include any funds for the ocean transportation of cotton. If the full \$4 million is not needed to finance the ocean transportation of commodities other than cotton, the balance may be used to procure additional quantities of commodities in the program, including cotton.

2. Further, in regard to Article I, it is understood that :

(a) With the exception of cotton, contracts for purchases under Title 1 may be concluded up to and including September 15, 1955, provided that all commodities are shipped from the United States by September 30, 1955.

(b) In the case of cotton the contracting period is extended to September 30, 1955 and the shipment deadline to October 31, 1955.

(c) Although an extension of the above shipment deadlines can not now be agreed to, in individual cases and under special circumstances sympathetic consideration will be given by the United States Government prior to the expiration of purchase authorization to requests for a reasonable extension of time to facilitate orderly procurement and shipment. In the event such extensions are requested for more than a small percentage of the total volume of commodities, the United States Government must prior to agreeing to the extensions secure commitments from the Japanese Government to protect the usual marketings of the United States during any period after September 30, 1955 (October 31, 1955 in the case of cotton) in which commodities financed under this program are shipped.

3. It is understood that a grant or grants referred to in Article III of the Agreement will be made only if and when discussions on this matter arrive at mutually acceptable arrangements regarding terms and conditions.

4. It is understood that all expenditures incurred under subparagraphs (1) and (2) of paragraph 1 of Article V will fall within the scope of Article VI and Annex E of the Mutual Defense Assistance Agreement between the United States of America and Japan signed at Tokyo on March 8, 1954.

5. It is understood that in the event that funds allocated to the purposes of Article V, paragraph 1 (2) of the Agreement are not completely expended on or before January 1, 1957, the Government of Japan has no objection to the use by the Government of the United States of America of such unexpended funds for the purposes of Article V, paragraph 1 (5) of the Agreement.

6. With respect to paragraph 1 of the exchange of notes accompanying the Agreement, it is understood that the United States Government is not committed to any special price arrangements or concessions with respect to commodities purchased under this program.

John M. ALLISON
Ambassador Extraordinary
and Plenipotentiary
of the United States of America
to Japan
[SEAL]

Mamoru SHIGEMITSU
Minister for Foreign Affairs
of Japan

[SEAL]

Tokyo, May 31, 1955

EXCHANGE OF NOTES

I

The American Ambassador to the Japanese Minister for Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY

No. 2124

Tokyo, May 31, 1955

Excellency :

With reference to the Agreement on Agricultural Commodities between the United States of America and Japan, signed today,¹ I wish to set forth the following understandings reached between our two Governments :

1. It is understood that the purchase of United States agricultural commodities contemplated by Japan, both under Article I and under the term "usual marketings" as used in Article IV of the Agreement, are to be made at prices competitive in the world market.

2. It is agreed that the Government of the United States of America will, from time to time or upon request, inform the Government of Japan as to the use of the yen funds referred to in Article V, paragraph 1, of the Agreement. The present intention of the Government of the United States of America is to use the funds referred to above for the following purposes as numbered in correspondence with the subparagraphs of Article V, paragraph 1 :

(1) Mainly for the construction of United States dependent housing in Japan.

¹ See p. 218 of this volume.

- (2) To finance by the Foreign Operations Administration or its successor agency the purchase of goods and services for other friendly countries. Every effort will be made to administer these funds in such a way as to avoid interference with Japanese exports not funded from United States sources.
- (3) For sales promotion and market research concerning United States agricultural products, as well as for exchange visits of United States and Japanese officials and business men concerned with this problem.
- (4) To defray expenses related to the international educational exchange activities between the United States of America and Japan.
- (5) To finance the activities of the United States Information Agency in Japan.

3. In order to facilitate the procurement and export by or at the direction of the Government of the United States of America of goods and services for other countries with the yen described in Article V, paragraph 1 (2), of the Agreement, the Government of Japan will issue the necessary export licenses upon request.

4. Seventy per cent of the yen deposited in the United States account referred to in Article II of the Agreement will, from time to time upon the request of the Government of Japan, be disbursed by the Government of the United States of America to the Bank of Japan. The total of such disbursements will, however, not exceed at any time seventy percent of the total of such deposits. The Bank of Japan will, at the same exchange rate at which the deposit in the said United States account was made, convert into United States dollars the funds disbursed to the Bank of Japan and credit the same to the Government of Japan.

5. It is agreed that the loan funds referred to in Article VI of the Agreement will be used by the Government of Japan for the following purposes :

- (1) Development of electric power resources;
- (2) Irrigation, drainage, reclamation and their incidental works; and
- (3) Promotion of productivity of the Japanese economy. It is also agreed that the Government of Japan will, from time to time or upon request, inform the Government of the United States of America as to the individual projects decided upon, the loan funds allotted to each, the current status of the loan account, and such other relevant data as may become available.

If the above meets with the approval of your Government, Your Excellency's note of approval confirming the above will be appreciated.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

John M. ALLISON

His Excellency Mamoru Shigemitsu
Minister for Foreign Affairs
Ministry of Foreign Affairs
Tokyo

[TRANSLATION¹ — TRADUCTION²]

Tokyo, May 31, 1955

Mr. Ambassador,

I have the honor to refer to Your Excellency's note of May 31, 1955, which reads in the Japanese translation thereof as follows :

[*See note I*]

I am pleased to confirm, on behalf of the Government of Japan, that the contents of Your Excellency's note under reference meets with the approval of my Government.

I avail myself of this opportunity to renew to Your Excellency, Mr. Ambassador, the assurance of my highest consideration.

Mamoru SHIGEMITSU
Minister for Foreign Affairs of Japan

His Excellency John M. Allison
Ambassador Extraordinary and Plenipotentiary
of the United States of America to Japan

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.