

No. 3925

**UNITED STATES OF AMERICA
and
INDONESIA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at
Djakarta, on 2 March 1956**

Official text: English.

Registered by the United States of America on 10 July 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
INDONÉSIE**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favo-
riser le commerce agricole, sous sa forme modifiée
(avec échange de notes). Signé à Djakarta, le 2 mars
1956**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 10 juillet 1957.

No. 3925. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND
INDONESIA UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT DJAKARTA, ON 2 MARCH 1956

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

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 in these commodities or unduly disrupt world prices of agricultural commodities ;

Considering that the purchase for Indonesian rupiah of agricultural commodities produced in the United States will assist in achieving such an expansion of trade ;

Considering that the Indonesian rupiah accruing from such purchases will be utilized in a manner beneficial to both countries ;

Desiring to set forth the understanding which will govern the sales of agricultural commodities to Indonesia pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, 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 INDONESIAN RUPIAH

1. Subject to the issuance and acceptance of purchase authorizations referred to in paragraph 2 of this Article, and subject to the provisions of paragraph 4 of this Article, the Government of the United States of America undertakes to finance on or before June 30, 1957, the sale for Indonesian rupiah of certain agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, to purchasers authorized by the Government of Indonesia.

¹ Came into force on 2 March 1956, upon signature, in accordance with article VI.

2. The United States Government will issue, within the terms of this Agreement, purchase authorizations which shall include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Indonesian rupiah accruing from such sales, and other relevant matters, and which shall be subject to acceptance by the Government of Indonesia. Certain commodities, and amounts, with respect to which tentative agreement has been reached by the two Governments, are listed in paragraph 3 of this Article.

3. The United States Government undertakes to finance the sale to Indonesia of the following commodities, in the export market values indicated, during the United States fiscal years 1956 and 1957 under the terms of Title I of the said Act and of this Agreement :

<i>Commodity</i>	<i>Value (million dollars)</i>
Rice	35.8
Wheat flour	5.0
Tobacco	15.0
Cotton	11.0
Cotton (for processing abroad)	25.0
Ocean transportation	4.9
TOTAL	96.7

The two Governments agree that of the total value provided for herein, purchase authorizations will incorporate a supplemental agreement in which the time of financing and shipment of each commodity will be specified.

4. The two Governments agree that the issuance of purchase authorizations for tobacco, providing for purchases after June 30, 1956 shall be dependent upon the determination by the United States that such commodity is in surplus supply at that time. The United States Government shall have the right to terminate the financing of further sales under this agreement of any commodity if it determines at any time after June 30, 1956, that such action is necessitated by the existence of an international emergency.

Article II

USES OF INDONESIAN RUPIAH

1. The two Governments agree that Indonesian rupiah accruing to the Government of the United States as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States for the following purposes in the amounts shown :

- (a) To help develop new markets for United States agricultural commodities, for the purpose of increasing trade between the two countries on a mutually beneficial basis, for international educational exchange, and for other United States expenditures in Indonesia under subsections (a), (b), (f), and (h) of Section 104 of the Act, the Indonesian rupiah equivalent of \$ 19.3 million. The United States Government agrees that Indonesian rupiah accruing to the United States Government under this agreement shall not be spent for the above purposes in any way which would displace normal United States purchases of Indonesian commodities.
- (b) For loans to the Government of Indonesia to promote the economic development of Indonesia in consonance with the Indonesian Government's overall plans of development under Section 104 (g) of the Act, the Indonesian rupiah equivalent of \$77.4 million, subject to supplemental agreement between the two Governments. In the event that Indonesian rupiah set aside for loans to the Government of Indonesia are not advanced within five years from the date of this agreement as a result of failure of the two Governments to reach agreement on uses of the Indonesian rupiah for loan purposes or for any other purpose, the Government of the United States may use the Indonesian rupiah for any other purpose authorized by Section 104 of the Act.
2. The Indonesian rupiah accruing under this Agreement shall be expended by the Government of the United States for purposes stated in paragraph 1 of this Article, in such manner and order of priority as the Government of the United States shall determine.

Article III

DEPOSITS AND WITHDRAWALS OF INDOONESIAN RUPIAH

The amount of rupiah to be deposited to the account of the United States shall be the dollar sales value of the commodities reimbursed or financed by the Government of the United States converted into rupiah at the official rate of exchange on the dates of dollar disbursements by the United States. In the case of commodities subject to TPI levies an amount equal to 10% of the official rate of exchange of the dollar shall be added to the amount of rupiah to be deposited. Such dollar sales value shall include ocean freight and handling reimbursed or financed by the Government of the United States, except that it shall not include any extra cost of ocean freight resulting from a United States requirement that the commodities be transported on United States flag vessels.

Article IV

GENERAL UNDERTAKINGS

1. The Government of Indonesia agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States), of surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that its purchase of such commodities does not result in increased availability of these or like commodities to nations unfriendly to the United States.

2. The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States in these commodities, or materially impair trade relations among the countries of the world.

3. In carrying out this Agreement the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of Indonesia agrees to furnish, upon request of the Government of the United States, information on the progress of the program, particularly with respect to arrivals and condition of commodities and the provisions for the maintenance of usual marketings, and information relating to exports of the same and like commodities.

Article V

CONSULTATION

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

Article VI

ENTRY INTO FORCE

This Agreement shall enter into force upon signature.

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

DONE at Djakarta this second day of March, 1956.

For the Government of the United States of America :

Hugh S. CUMMING, Jr.
Ambassador Extraordinary and Plenipotentiary

For the Government of Indonesia :

IDE ANAK AGUNG GDE AGUNG
Minister for Foreign Affairs

EXCHANGE OF NOTES

I

The American Ambassador to the Indonesian Minister for Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY

No. 363

Djakarta, March 2, 1956

Excellency :

With reference to the agreement for the purchase of surplus agricultural commodities between the United States of America and the Republic of Indonesia signed today at Djakarta,¹ I have the honor to inform Your Excellency that the United States Government understands that the Government of Indonesia agrees that the provisions of the last sentence of Article II, paragraph 1 (a), of the Agreement do not preclude the use by the United States Government of Indonesian rupiahs accruing pursuant to the provisions of the Agreement for the purpose set forth in Section 104 (f) of the Agricultural Trade Development and Assistance Act.

Upon receipt of a note from Your Excellency confirming the understanding of the United States Government as set forth above, the United States Government will consider that this note and your reply thereto constitute an integral part of the Agreement between the two Governments which we have signed today.

Please accept, Excellency, the renewed assurances of my highest consideration.

Hugh S. CUMMING, Jr.

His Excellency Ide Anak Agung Gde Agung
Minister for Foreign Affairs
Djakarta

¹ See p. 346 of this volume.

II

The Indonesian Minister for Foreign Affairs to the American Ambassador

KEMENTERIAN LUAR NEGERI
REPUBLIK INDONESIA¹

Djakarta, March 5, 1956

Excellency,

I have the honour to acknowledge receipt of Your Excellency's note dated March 2, 1956, which reads as follows :

[See note I]

I have the honour to confirm that the understanding of Your Government as stated in the above-quoted note is correct and that said note and this note in reply constitute an integral part of the Agreement signed on March 2, 1956.

Please accept, Excellency, the renewed assurance of my highest consideration.

IDE ANAK AGUNG GDE AGUNG
Minister for Foreign Affairs

His Excellency Mr. Hugh S. Cumming, Jr.
Ambassador of the United States of America in Indonesia
Djakarta

III

The Indonesian Minister for Foreign Affairs to the American Ambassador

KEMENTERIAN LUAR
NEGERI REPUBLIK INDONESIA¹

Djakarta, March 2nd, 1956

Mr. Ambassador :

With reference to the Surplus Commodities Agreement under P. L. 480 between the United States and Indonesia, I have the honour to inform you that the Indonesian Government agrees :

¹ Ministry for Foreign Affairs.
Republic of Indonesia.

I. to arrange for the purchase with its own resources from the United States during each of the fiscal years 1956 and 1957 of the following amounts of each of the commodities included in the Agreement :

tobacco	\$5 million
cotton	17,000 bales
wheat flour	25,000 metric tons wheat equivalent

II. to arrange for the purchase with its own resources during each of the fiscal years 1956 and 1957 of wheat flour of 150,000 tons wheat equivalent, including the 25,000 metric tons from the United States.

Please accept, Mr. Ambassador, the assurances of my highest consideration.

IDE ANAK AGUNG GDE AGUNG
Minister for Foreign Affairs

[SEAL]

The Ambassador of the United States of America
Djakarta

IV

The American Ambassador to the Indonesian Minister for Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY

No. 364

Djakarta, March 2, 1956

Excellency :

I have the honor to acknowledge receipt of Your Excellency's note dated March 2, 1956, which reads as follows :

[See note III]

I have the honour to confirm that the understandings between your Government and mine as stated in the above-quoted note are correct.

Accept, Excellency, the renewed assurances of my highest consideration.

Hugh S. CUMMING, Jr.

His Excellency Dr. Ide Anak Agung Gde Agung
Minister of Foreign Affairs
of the Republic of Indonesia