

**UNITED STATES OF AMERICA  
and  
JAPAN**

**Agreement (with agreed official minutes and exchange of notes) on agricultural commodities. Signed at Tokyo, on 10 February 1956**

**Exchange of notes constituting an agreement supplementing the above-mentioned Agreement. Tokyo, 13 November 1956**

**Exchange of notes constituting an agreement supplementing the above-mentioned Agreement of 10 February 1956. Tokyo, 30 November 1956**

*Official texts: English and Japanese.*

*Registered by the United States of America on 20 August 1957.*

---

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

**Accord (avec procès-verbal approuvé et échange de notes) relatif aux produits agricoles. Signé à Tokyo, le 10 février 1956**

**Échange de notes constituant un accord complétant l'Accord susmentionné. Tokyo, 13 novembre 1956**

**Échange de notes constituant un accord complétant l'Accord susmentionné du 10 février 1956. Tokyo, 30 novembre 1956**

*Textes officiels anglais et japonais.*

*Enregistrés par les États-Unis d'Amérique le 20 août 1957.*

No. 3979. AGREEMENT<sup>1</sup> ON AGRICULTURAL COMMODITIES BETWEEN THE UNITED STATES OF AMERICA AND JAPAN. SIGNED AT TOKYO, ON 10 FEBRUARY 1956

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, as amended ; 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 sixty-five million eight hundred thousand United States Dollars (\$65,800,000), 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, as amended, under purchase authorizations to be issued during the current United States fiscal year ending June 30, 1956.

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 . . . . .	\$27.3
Barley . . . . .	4.8
Corn and other feed grain . . . . .	6.4
Cotton . . . . .	18.7
Tobacco . . . . .	2.7
Ocean transportation (estimated) . . . . .	5.9
	TOTAL \$ 65.8

<sup>1</sup> In accordance with article VIII, the Agreement came into force on 29 May 1956, 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.

*Article II*

1. The Government of the United States of America shall provide for the disbursement 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*

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 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 IV*

1. The Government of the United States of America will use twenty-five percent (25%) of the yen deposited in the United States account for the following purposes and in the indicated percentages, except as otherwise agreed :

- (1) To procure military equipment, material, facilities and services for the common defense : forty-nine percent ;
- (2) To finance the purchase of goods or services for other countries : thirty-three percent ;

- (3) To help develop new markets for United States agricultural commodities on a mutually benefitting basis : eight percent ;
- (4) To finance international educational exchange activities : eight percent ; and
- (5) To pay United States obligations in Japan : two percent.

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<sup>1</sup> will be granted the exemption from and refund of Japanese duties and taxes provided for therein.

#### *Article V*

1. Seventy-five percent (75%) 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 Government 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 April 1, 1956.
- (2) Payment dates : Payments in semi-annual installments, first payment of interest to be made on October 1, 1959, and first payment of principal to be made on April 1, 1960.
- (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.

---

<sup>1</sup> United Nations, *Treaty Series*, Vol. 232, p. 169 ; Vol. 251, p. 404 ; Vol. 265, Vol. 272, and Vol. 273.

(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, as amended.

*Article VI*

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

*Article VII*

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 VIII*

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 tenth day of February, one thousand nine hundred fifty-six.

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 Article I, paragraph 2 of the Agreement, it is understood that :

- (a) With the exception of cotton, contracts for purchases under Title I may be concluded up to and including September 15, 1956, provided that all commodities are shipped from the United States by September 30, 1956.
- (b) In the case of cotton the contracting period is extended to November 30, 1956 and the shipment deadline to December 31, 1956.
- (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 authorizations 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, 1956 (December 31, 1956 in the case of cotton) in which commodities financed under this program are shipped.

2. It is understood that all expenditures incurred under subparagraphs (1) and (2) of paragraph 1 of Article IV 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.

3. It is understood that in the event that funds allocated to the purposes of Article IV, paragraph 1 (2) of the Agreement are not completely expended on or before June 30, 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 IV, paragraph 1 (5) of the Agreement.

4. 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 Pleni-  
potentiary of the United States of  
America to Japan.

Mamoru SHIGEMITSU  
Minister for Foreign Affairs of Japan

Tokyo, February 10, 1956

[SEAL]

[SEAL]

## 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. 1254

Tokyo, February 10, 1956

Excellency :

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

1. It is understood that the purchases of United States Agricultural commodities contemplated by Japan, both under Article I and under the term "usual marketings" as used in Article III 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 IV, 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 as numbered in correspondence with the subparagraphs of Article IV, paragraph 1 :

- (1) Mainly for the construction of United States dependent housing in Japan.
- (2) To finance by the International Cooperation Administration 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 pay United States obligations 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 IV, paragraph 1 (2), of the Agreement, the Government of Japan will issue the necessary export licenses upon request.

4. Seventy-five percent 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 Govern-

<sup>1</sup> See p. 122 of this volume.

ment 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-five 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 V of the Agreement will be used by the Government of Japan for the following purposes :

- (1) Irrigation, drainage, reclamation and their incidental works ;
- (2) Development of forestry, livestock and livestock products, port and storage facilities, fertilizer for domestic use, and the domestic beet sugar industry ;
- (3) Development of electric power resources ;
- (4) Promotion of productivity of the Japanese economy ;
- (5) Other economic development projects under categories to be mutually agreed.

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



[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

Tokyo, February 10, 1956

Mr. Ambassador,

I have the honor to refer to Your Excellency's note of February 10, 1956 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

---

<sup>1</sup> Translation by the Government of the United States of America.  
<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
JAPAN SUPPLEMENTING THE AGREEMENT OF 10 FEB-  
RUARY 1956<sup>2</sup> ON AGRICULTURAL COMMODITIES.  
TOKYO, 13 NOVEMBER 1956

---

I

*The Japanese Minister for Foreign Affairs to the American Ambassador*

[TRANSLATION — TRADUCTION]

Tokyo, 13 November 1956

Excellency,

[See note II]

Please accept, etc.

Mamoru SHIGEMITSU

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

---

<sup>1</sup> Came into force on 13 November 1956 by the exchange of the said notes.

<sup>2</sup> See p. 122 of this volume.

## II

*The American Ambassador to the Japanese Minister for Foreign Affairs*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

AMERICAN EMBASSY

No. 862

Tokyo, November 13, 1956

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's Note of November 13, 1956, the English translation of which reads as follows :

"I have the honor to refer to the exchange of notes effected between us on February 10, 1956<sup>1</sup> which set forth the understandings reached between our two Governments concerning the Agreement on Agricultural Commodities between Japan and the United States of America signed at Tokyo on the same day.<sup>2</sup> Paragraph 5 of the said notes provides, *inter alia*, that the loan funds referred to in Article V of the Agreement will be used by the Government of Japan for other economic development projects under categories to be mutually agreed.

"In view of the desirability of using a part of the above-mentioned loan funds for a project to create a factory site, the Government of Japan hereby proposes that Reclamation of land for industrial sites and incidental works' be treated as falling under one of the categories referred to in item (5) of the said paragraph 5.

"If the proposal made herein is acceptable to the Government of the United States of America, this Note and Your Excellency's reply indicating such acceptance shall be considered as constituting an agreement, effective on the date of Your Excellency's Note in reply, between our two Governments supplementing the understandings set forth in the afore-mentioned exchange of notes."

I have the honor to inform Your Excellency that the Government of the United States of America accepts the above proposal of the Government of Japan and to confirm that Your Excellency's Note and this reply are considered as constituting an agreement between the two Governments effective on this date.

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

[SEAL] John M. ALLISON

His Excellency Mamoru Shigemitsu  
Minister for Foreign Affairs  
Tokyo

<sup>1</sup> See p. 127 of this volume.

<sup>2</sup> See p. 122 of this volume.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
JAPAN SUPPLEMENTING THE AGREEMENT OF 10 FEB-  
RUARY 1956<sup>2</sup> ON AGRICULTURAL COMMODITIES.  
TOKYO, 30 NOVEMBER 1956

---

I

*The Japanese Minister for Foreign Affairs to the American Chargé d'Affaires ad interim*

[TRANSLATION — TRADUCTION]

Tokyo, 30 November 1956

Sir,

[*See note II*]

Accept, etc.

Mamoru SHIGEMITSU

Mr. Outerbridge Horsey  
Chargé d'Affaires ad interim  
of the United States of America

---

<sup>1</sup> Came into force on 30 November 1956 by the exchange of the said notes.

<sup>2</sup> See p. 122 of this volume.

## II

*The American Chargé d'Affaires ad interim to the Japanese Minister for Foreign Affairs*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

AMERICAN EMBASSY

No. 986

Excellency :

Tokyo, November 30, 1956

I have the honor to acknowledge the receipt of Your Excellency's Note of November 30, 1956, the English translation of which reads as follows :

"I have the pleasure of referring to the exchange of notes effected between His Excellency John M. Allison, Ambassador Extraordinary and Plenipotentiary of the United States of America to Japan, and myself on February 10, 1956<sup>1</sup> which set forth the understandings reached between our two Governments concerning the Agreement on Agricultural Commodities between Japan and the United States of America signed at Tokyo on the same day.<sup>2</sup> Paragraph 5 of the said notes provides, *inter alia*, that the loan funds referred to in Article V of the Agreement will be used by the Government of Japan for other economic development projects under categories to be mutually agreed.

"In view of the desirability of using a part of the above-mentioned loan funds for a project to improve wholesale food marketing facilities, the Government of Japan hereby proposes that 'Improvement of wholesale food marketing facilities and incidental works' be treated as falling under one of the categories referred to in item (5) of the said paragraph 5.

"If the proposal made herein is acceptable to the Government of the United States of America, this Note and your reply indicating such acceptance shall be considered as constituting an agreement, effective on the date of your Note in reply, between our two Governments supplementing the understandings set forth in the afore-mentioned exchange of notes."

I have the honor to inform Your Excellency that the Government of the United States of America accepts the above proposal of the Government of Japan and to confirm that Your Excellency's Note and this reply are considered as constituting an agreement between the two Governments effective on this date.

Accept, Excellency, the assurances of my highest consideration.

Outerbridge HORSEY  
Chargé d'Affaires ad interim

His Excellency Mamoru Shigemitsu  
Minister for Foreign Affairs  
Tokyo

<sup>1</sup> See p. 127 of this volume.

<sup>2</sup> See p. 122 of this volume.