

No. 4461

**UNITED STATES OF AMERICA
and
CHINA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with Memorandum of Understanding).
Signed at Taipei, on 18 April 1958**

Official texts: English and Chinese.

Registered by the United States of America on 1 August 1958.

**ÉTATS-UNIS D'AMÉRIQUE
et
CHINE**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre I de la loi tendant à développer et à favoriser
le commerce agricole, telle qu'elle a été modifiée (avec
Mémorandum d'accord). Signé à Taïpei, le 18 avril 1958**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 1^{er} août 1958.

No. 4461. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE REPUBLIC OF CHINA UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND AS-
SISTANCE ACT, AS AMENDED. SIGNED AT TAIPEI,
ON 18 APRIL 1958

The Government of the United States of America and the Government of the Republic of China :

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

Considering that the purchase for New Taiwan dollars of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the New Taiwan dollars accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sale of surplus agricultural commodities to the Government of the Republic of China pursuant to Title I of the Agricultural Trade Development and Assistance Act, 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 NEW TAIWAN DOLLARS

1. Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of China of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of the Republic of China, for New Taiwan dollars, of the following agricultural commodities

¹ Came into force on 18 April 1958, upon signature, in accordance with article VI.

determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, in the amount indicated :

<i>Commodity</i>	<i>Export Market Value (Millions of United States dollars)</i>
Wheat	\$7.5
Soybean oil and/or cottonseed oil	1.3
Tobacco	1.7
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	SUB-TOTAL \$10.5
Ocean transportation (estimated 50 per cent of cost)	1.6
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	TOTAL \$12.1

2. Purchase authorizations must be issued pursuant to the above within 90 calendar days following the date the Agreement is signed. The purchase authorization will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the New Taiwan dollars accruing from such sale and other relevant matters.

Article II

USE OF NEW TAIWAN DOLLARS

1. The two Governments agree that the New Taiwan dollars accruing to the Government of the United States of America as a consequence of the sales made pursuant to this Agreement will be used by the Government of the United States of America for the following purposes, in the amounts shown :
 - a. For international educational exchange and for other expenditures by the Government of the United States of America under Sections 104 (h) and 104 (f) of the Act, as amended, the New Taiwan dollar equivalent of US\$3,100,000.
 - b. For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of said Act, as amended, and for administrative expenses of the Export-Import Bank of Washington in the Republic of China incident thereto, the New Taiwan dollar equivalent of US\$3.0 million but not more than 25 per cent of the currencies received under the Agreement. Such loans will be made to United States business firms and branches, subsidiaries or affiliates of such firms in the Republic of China for business development and trade expansion in the Republic of China, and to United States firms

and to firms of the Republic of China for the establishment of facilities for aiding in the utilization, distribution or otherwise increasing the consumption of and markets for United States agricultural products. It is understood that such loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of the Republic of China. The Bank of Taiwan will act on behalf of the Government of the Republic of China in this matter. In the event the New Taiwan dollars set aside for loans under Section 104 (e) of said Act, as amended, are not advanced within three years from the date of this Agreement because the Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the Bank of Taiwan, the Government of the United States of America may use the New Taiwan dollars for any purpose authorized by Section 104 of the Act.

- c. To procure military equipment, materials, facilities and services in accordance with Section 104 (c) of the Act, as amended, the New Taiwan dollar equivalent of US\$6,000,000.

2. The New Taiwan dollars accruing under this Agreement shall be expended by the Government of the United States for the purposes stated in paragraph 1 of this Article, in such manner and order of priority as the Government of the United States of America shall determine.

Article III

DEPOSIT OF THE NEW TAIWAN DOLLARS

The deposit of New Taiwan dollars to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of China agrees that it will take all possible measures to prevent the sale or transshipment to other countries, or

the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does 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 they will take reasonable precaution 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 of America in these commodities, or materially impair trade relations among the countries of the free 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 the Republic of China agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions of commodities and the provisions for the maintenance of usual marketings and information relating to exports of the same or 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 in duplicate, in the English and Chinese languages, at Taipei, this Eighteenth day of April, 1958, corresponding to the Eighteenth day of the Fourth month of the Forty-Seventh year of the Republic of China.

For the Government
of the United States of America :
Everett F. DRUMRIGHT
[SEAL]

For the Government
of the Republic of China :
George K. C. YEH
[SEAL]

MEMORANDUM OF UNDERSTANDING

In arriving at mutual agreement concerning loans eligible under Section 104 (e) the Chairman of the Bank of Taiwan, or his designate, will act for the Government of the Republic of China, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.

Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the Bank of Taiwan of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, the general purposes for which the loan proceeds would be expended, and the probable range of (1) the interest rate and (2) repayment period.

Within sixty days after the receipt of such notice the Bank of Taiwan will indicate to the Export-Import Bank whether or not the Bank of Taiwan is receptive to the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Bank of Taiwan, it shall be understood that the Bank of Taiwan has no objection to the proposed loan.

When the Export-Import Bank approves or declines the proposed loan, it will notify the Bank of Taiwan.

In approving a loan, the Export-Import Bank will (1) fix an interest rate similar to that prevailing in the Republic of China on comparable loans; and (2) establish maturities similar to those of Export-Import Bank dollar loans to private enterprises.

E. F. D.

G. K. C. Y.