

No. 4573

**UNITED STATES OF AMERICA
and
PHILIPPINES**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with Memorandum of Understanding).
Signed at Manila, on 3 June 1958**

Official text: English.

Registered by the United States of America on 25 November 1958.

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

**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 Manille, le
3 juin 1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 25 novembre 1958.

No. 4573. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF THE REPUB-
LIC OF THE PHILIPPINES UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND ASSIST-
ANCE ACT, AS AMENDED. SIGNED AT MANILA, ON
3 JUNE 1958

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

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 those commodities, or unduly disrupt world prices of agricultural commodities ;

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

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

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of the Republic of the Philippines 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 PHILIPPINE PESOS

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of the Philippines during the period ending June 30, 1958 of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized

¹ Came into force on 3 June 1958, upon signature, in accordance with article VI.

by the Government of the Republic of the Philippines, for Philippine pesos, of the following agricultural commodity determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, in the amount indicated :

<i>Commodity</i>	<i>Export Market Value (Millions of U.S. Dollars)</i>
Rice	\$3.6
Ocean transportation (est. 50 %)5
	TOTAL \$4.1

Purchase authorizations issued pursuant to the above will include provisions relating to the sale and delivery of the commodity, the time and circumstances of deposit of the Philippine pesos accruing from such sale and other relevant matters.

Article II

USES OF PHILIPPINE PESOS

1. The two governments agree that the Philippine pesos 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 in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown :

- (a) To help develop new markets for United States agricultural commodities, for international educational exchange, and for other expenditures by the Government of the United States of America in the Philippines under Sub-sections (a), (f), (h) and (i) of Section 104 of the Act, the peso equivalent of \$1.25 million.
- (b) For common defense purposes in accordance with Sub-section (c) of Section 104 of the Act, the Philippine peso equivalent of U. S. \$1.0 million, subject to supplemental agreement by the two governments.
- (c) To provide assistance of the types provided for under Section 104 (j) of the Act, an amount not to exceed the peso equivalent of \$0.85 million.
- (d) For loans to be made by the Export-Import Bank of Washington under Section 104 (e) of the Act, and for administrative expenses of the Export-Import Bank of Washington in the Philippines incident thereto, the peso equivalent of \$1,000,000 but not more than 25 percent of the pesos received under this agreement. Such loans will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in the

Philippines for business development and trade expansion in the Philippines and to United States firms and to Philippine firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption or the 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 Republic of the Philippines. The Central Bank of the Philippines will act on behalf of the Republic of the Philippines in this matter. In the event the pesos set aside for loans under Section 104 (e) of the Act 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 Central Bank of the Philippines, the Government of the United States of America may use the pesos for any purpose authorized by Section 104 of the Act, as amended.

2. In the event the total of Philippine pesos accruing to the Government of the United States of America as a consequence of sales made pursuant to this agreement is less than the peso equivalent of \$ 4.1 million, the amount available for the common defense uses under Section 104 (c) may be reduced by the amount of such difference ; in the event the total peso deposit exceeds the equivalent of \$ 4.1 million, the excess may be used for any purpose or purposes authorized by Section 104 of the Act, as amended, as the Government of the United States may determine.

Article III

DEPOSIT OF PHILIPPINE PESOS

The deposit of Philippine pesos to the account of the Government of the United States of America in payment for the commodity 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 par value for the peso in terms of the United States dollar established with the International Monetary Fund, provided this is the only legal 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, plus bank charges that are generally applicable to import transactions.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of the Philippines agrees that it will take all possible measures to prevent the resale or trans-shipment to other countries or the use for other than domestic purposes (except where such resale, trans-ship-

ment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodity purchased pursuant to the provisions of this agreement, and to assure that the purchase of such commodity does not result in increased availability of this or like commodity to nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precautions to assure that sales or purchases of the surplus agricultural commodity pursuant to this agreement will not unduly disrupt world prices of agricultural 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 the Philippines agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program instituted by this agreement, particularly with respect to arrivals and conditions of the commodity 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 at Manila this third day of June, 1958.

For the Government
of the United States of America :

Charles E. BOHLEN
Ambassador Extraordinary
and Plenipotentiary of the
United States of America

For the Government
of the Republic of the Philippines :

Felixberto M. SERRANO
Secretary of Foreign Affairs
of the Republic of the Philippines

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT
OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT
OF THE REPUBLIC OF THE PHILIPPINES

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

Applications for loans under Section 104 (e) are to be made either at the American Embassy in Manila or the Export-Import Bank in Washington. Upon receipt of an application the Export-Import Bank will notify the Central Bank of the Philippines of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan and the general purposes for which the loan proceeds would be expended.

When the Export-Import Bank has determined that it is prepared to act favorably upon an application, it will so notify the Central Bank of the Philippines indicating in so doing the probable interest rate and the repayment period.

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

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

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

C. E. B.

F. M. S.
