

No. 5046

**UNITED STATES OF AMERICA
and
REPUBLIC OF CHINA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes). Signed at Taipei,
on 9 June 1959**

Official texts: English and Chinese.

Registered by the United States of America on 14 March 1960.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE 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
échange de notes). Signé à Taïpeh, le 9 juin 1959**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 14 mars 1960.

No. 5046. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF THE RE-
PUBLIC OF CHINA UNDER TITLE I OF THE AGRICUL-
TURAL TRADE DEVELOPMENT AND ASSISTANCE ACT,
AS AMENDED. SIGNED AT TAIPEI, ON 9 JUNE 1959

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 in these commodities, or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries ;

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 purchase will be utilized in a manner beneficial to both countries ;

Desiring to set forth the understandings which will govern the sales, as specified below, 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 (hereinafter referred to as the Act), 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

Subject to the issuance by the Government of the United States of America and the 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 determined to be surplus pursuant to the Act, in the amounts indicated :

¹ Came into force on 9 June 1959, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export market value (millions of U.S.\$)</i>
Wheat	7.6
Vegetable oils (soybean and/or cottonseed)	0.7
Tobacco	2.6
Dairy products	1.0
Ocean transportation (estimated)	1.5
	13.4

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this Agreement. They 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

USES 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 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 procure military equipment, materials, facilities, and services in accordance with Section 104 (c) of the Act, the New Taiwan dollar equivalent of US\$7.0 million, as mutually agreed upon by the two Governments.

b. For United States expenditures under sub-sections (f), (h), (i), (j), (k), (l), (m), (n), and (o) of Section 104 of the Act, or under any such sub-sections, the New Taiwan dollar equivalent of US\$2.4 million, including the New Taiwan dollar equivalent of not more than US\$250,000 to provide assistance of the types provided for under Section 104 (j). Uses under sub-sections (k), (l), (m), (n), and (o) are subject to legislative action by the Congress of the United States of America.

c. 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 Republic of China incident thereto, the New Taiwan dollar equivalent of US\$3 million, but not more than 25 % of the currencies received under the Agreement. It is understood that :

- (1) Such loans under Section 104 (e) of the Act 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.

- (2) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of the Republic of China, acting through the Bank of Taiwan. 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.
- (3) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the Bank of Taiwan 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.
- (4) When the Export-Import Bank is prepared to act favorably upon an application, it will so notify the Bank of Taiwan and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to those prevailing in the Republic of China on comparable loans, and the maturities will be consistent with the purposes of the financing.
- (5) Within sixty days after the receipt of notice that the Export-Import Bank is prepared to act favorably upon an application, the Bank of Taiwan will indicate to the Export-Import Bank whether or not the Bank of Taiwan has any objection 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.
- (6) In the event the New Taiwan dollars 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 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.

d. For a loan to the Government of the Republic of China under Section 104 (g) of the Act, the New Taiwan dollar equivalent of not more than US\$1.0 million, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of the Republic of China, as may be mutually agreed. The terms and the conditions of the loan and other provisions will be set forth in a supplemental loan agreement between the two Governments. In the event the New Taiwan dollars set aside for loans to the Government of the Republic of China are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on the use of the New Taiwan dollars for loan purposes, the Government of the United States of America may use the New Taiwan dollars for any purposes authorized by Section 104 of the Act.

2. In the event the total of New Taiwan dollars accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the equivalent of US\$13.4 million, the amounts available for expenditures under Sections 104 (c) and 104 (g) of the Act will be reduced respectively by 88 % and 12 % of the difference. To the extent that the total exceeds the equivalent of US\$13.4 million, 52 % of the excess will be available for common defense purposes under Section 104 (c), 23 % for loans under Section 104 (e), 7 % for a loan under Section 104 (g) and 18 % for any use or uses authorized by Section 104 of the Act as the Government of the United States of America may determine.

Article III

DEPOSIT OF 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 resale 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 precautions to assure that all sales or purchases of 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 disrupt normal patterns of commercial trade with friendly countries.

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 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 Ninth day of June, 1959, corresponding to the Ninth day of the Sixth month of the Forty-Eighth 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 :

HUANG Shao-ku

[SEAL]

[TRANSLATION — TRADUCTION]

Wai (48) Mei-1-08785

Taipei, 9 June 1959

Excellency :

[See note II]

Accept, Excellency, etc.

HUANG Shao-ku

His Excellency Everett F. Drumright
Ambassador of the United States of America
Taipei

II

The American Ambassador to the Chinese Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

No. 26

Taipei, June 9, 1959

Excellency :

I have the honor to refer to your note no. Wai-(48)-Mei-1-08785 dated June 9, 1959, which reads as follows :

“I have the honor to refer to the Agricultural Commodities Agreement signed today¹ between representatives of our two Governments under which the Government of the United States of America undertakes to finance the delivery to the Republic of China of \$13.4 million of agricultural commodities and to inform you of the following :

“In expressing its agreement with the Government of the United States of America that the above-mentioned delivery of agricultural commodities should not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States in these commodities, or impair trade relations among friendly nations, my Government states that it will not permit the export of imported tobacco during the United States calendar year 1959 and that it will limit the exports of tobacco of indigenous origin in the same period to a total value not exceeding US\$250,000. In this regard, my Government agrees that during the same calendar year it will import with its own foreign exchange resources one million pounds of tobacco from the United States in addition to the approximately three million pounds to be obtained under the

¹ See p. 258 of this volume.

terms of the cited Agricultural Commodities Agreement. Furthermore, my Government agrees that during the same period it will import with its own resources US\$250,000 worth of branded whole and modified milk powder from the United States.

“I shall appreciate receiving Your Excellency’s confirmation of the above understanding.”

I have the honor to inform you of the concurrence of the Government of the United States of America in the foregoing.

Accept, Excellency, the continued assurance of my distinguished consideration.

Everett F. DRUMRIGHT

His Excellency Huang Shao-ku
Minister of Foreign Affairs
Taipei

III

The American Ambassador to the Chinese Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

No. 27

Taipei, June 9, 1959

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Republic of China signed today at Taipei and to inform Your Excellency that the Government of the United States of America understands that, except as provided below, the Government of the Republic of China will take measures to insure that wheat supplied by the Government of the United States of America will be released for consumption at a rate not greater than would provide an inventory of such wheat at the end of the United States calendar year 1959 equal approximately to two months’ supply : Provided, however, that in event of losses occurring in transportation such losses may be replaced from stocks of wheat on hand.

I should appreciate receiving Your Excellency’s confirmation of the above understanding.

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

Everett F. DRUMRIGHT

His Excellency Huang Shao-ku
Minister of Foreign Affairs
Taipei

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS
REPUBLIC OF CHINA

Wai (48) Mei-1-08812

June 9, 1959

Excellency :

I have the honor to acknowledge receipt of Your Excellency's Note No. 27 of today's date reading as follows :

[*See note III*]

In reply, I have the honor to confirm, on behalf of the Government of the Republic of China, that the foregoing is also the understanding of my Government.

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

HUANG Shao-ku

His Excellency Everett F. Drumright
Ambassador of the United States of America
Taipei

V

The American Ambassador to the Chinese Minister of Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

No. 28

Taipei, June 9, 1959

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Republic of China signed today at Taipei and to confirm the following understanding reached between officials of this Embassy and the Government of the Republic of China :

New Taiwan dollars will be advanced or reimbursed to the Government of the Republic of China for financing agreed projects under paragraph *d.* of Article II of the Agricultural Commodities Agreement upon the presentation of such documentation as the U.S. Mutual Security Mission may specify. The Government of the Republic of China shall maintain or cause to be maintained books and records adequate to identify the goods and services financed for agreed projects pursuant to paragraph 1. *d.* of Article II of the Agricultural Commodities Agreement, to disclose the use

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

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

thereof in the projects and to record the progress of the projects (including the cost thereof). The books and records with respect to each project shall be maintained for the duration of the project, or until the expiration of three years after final disbursement for the project has been made by the Mutual Security Mission, whichever is later. The two Governments shall have the right at all reasonable times to examine such books and records and all other documents, correspondence, memoranda and other records involving transactions relating to agreed projects. The Government of the Republic of China shall enable the Mutual Security Mission to observe and review agreed projects and the utilization of goods and services financed under the projects, and shall furnish to the Mutual Security Mission all such information as it shall reasonably request concerning the above-mentioned matters and the expenditures related thereto. The Government of the Republic of China shall afford, or arrange to have afforded, all reasonable opportunity for authorized representatives of the Government of the United States to visit any part of the territory of China for purposes related to agreed projects.

If the Mutual Security Mission determines that any disbursement under paragraph 1. *d.* of Article II of the Agricultural Commodities Agreement made by it for agreed projects is not supported by the documentation submitted by the Government of the Republic of China, is not made in accordance with the terms of this agreement or any applicable agreement or arrangement between the Government of the United States and the Government of the Republic of China, or is in violation of any applicable laws or regulations of the United States Government, the Government of the Republic of China shall pay to the Mutual Security Mission as may be requested by it, an amount in local currency not to exceed the amount of such disbursement. Where any payment is made by the Government of the Republic of China to the Mutual Security Mission pursuant to the preceding sentence on the basis of a disbursement which has been charged as an advance under the line of credit established by the loan agreement, the total amount charged as advances under the line of credit shall be reduced by the amount of such payment.

The Mutual Security Mission shall expend funds for agreed projects only in accordance with the applicable laws and regulations of the United States Government. It may decline to make further disbursements for any agreed projects if it determines that further disbursements would not fulfill the purpose of paragraph 1. *d.* of Article II of the Agricultural Commodities Agreement.

I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of the Republic of China.

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

Everett F. DRUMRIGHT

His Excellency Huang Shao-ku
Minister of Foreign Affairs
Taipei

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS
REPUBLIC OF CHINA

Wai (48) Mei-1-08813

June 9, 1959

Excellency :

I have the honor to acknowledge receipt of Your Excellency's Note No. 28 of today's date reading as follows :

[*See note V*]

I have the honor to confirm that the understanding of the Government of the United States of America recorded in Your Excellency's Note as quoted above is also the understanding of the Government of the Republic of China.

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

HUANG Shao-ku

His Excellency Everett F. Drumright
Ambassador of the United States of America
Taipei

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

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