

*Agreement with exchange of notes*  
*1960*

**No. 5746**

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**UNITED STATES OF AMERICA  
and  
INDONESIA**

**Agricultural Commodities Agreement, under Title I of the  
Agricultural Trade Development and Assistance Act  
of 1954, as amended (with exchange of notes). Signed  
at Djakarta, on 5 November 1960**

*Official text: English.*

*Registered by the United States of America on 7 July 1961.*

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

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre I de la loi de 1954 tendant à développer et à  
favoriser le commerce agricole, telle qu'elle a été modi-  
fiée (avec échange de notes). Signé à Djakarta, le 5 no-  
vembre 1960**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 7 juillet 1961.*

No. 5746. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA AND THE GOVERNMENT OF THE REPUB-  
LIC OF INDONESIA UNDER TITLE I OF THE AGRICUL-  
TURAL TRADE DEVELOPMENT AND ASSISTANCE ACT  
OF 1954, AS AMENDED. SIGNED AT DJAKARTA, ON  
5 NOVEMBER 1960

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The Government of the United States of America and the Government of the Republic 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 or normal patterns of commercial trade with friendly countries ;

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

Considering that the rupiah 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 agricultural commodities to Indonesia pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, 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 RUPIAH

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Indonesia of purchase authorizations, the Government of the United States of America undertakes to finance the sale for rupiah to purchasers authorized by the Government of the Republic of

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<sup>1</sup> Came into force on 5 November, 1960 upon signature, in accordance with article VI.

Indonesia of the following agricultural commodities determined to be surplus pursuant to Title I of the Act, in the amounts indicated except that application for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this agreement will be made within 90 days or 180 days for third country cotton processing authorizations after the effective date of such amendment :

<i>Commodity</i>	<i>Value (million)</i>
Rice . . . . .	\$8. 7
Cotton . . . . .	3. 4
Tobacco . . . . .	2. 5
Ocean transportation . . . . .	1. 4
TOTAL	\$16. 0

Applications for purchase authorizations will be made within 90 calendar days or 180 days for third country cotton processing authorizations after the effective date of this Agreement. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupiah accruing from such sale, and other relevant matters.

### *Article II*

#### USES OF RUPIAH

The two Governments agree that the rupiah 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 :

1. 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 Indonesia incident thereto the rupiah equivalent of \$800,000, but not more than 5 percent of the currencies received under the agreement.
2. For a loan to the Government of Indonesia to promote the economic development of Indonesia under Section 104 (g) of the Act, the rupiah equivalent of \$6,000,000, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Indonesia as may be mutually agreed. The terms and conditions of the loan will be included in a separate agreement between the two Governments.

3. For a grant to the Government of Indonesia under Section 104 (e) of the Act, the rupiah equivalent of not more than \$6,000,000 for financing such projects to promote balanced economic development as may from time to time be mutually agreed.
4. For United States expenditures under sub-section (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), and (r) of Section 104 of the Act, or under any of such subsections and for other mutually agreed uses under Section 104 of the Act, the Indonesian rupiah equivalent of \$3,200,000.

In the event that agreement on the use of rupiah set aside for loans and grants to the Government of Indonesia is not reached within three years from the date of this Agreement, the Government of the United States of America may use the Rupiah for any purposes authorized by Section 104 of the Act, excluding Section 104 (c).

To the extent that the total 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 \$16,000,000, the amount available for 104 (g) loans and 104 (e) grants to the Government of Indonesia will be reduced by an equivalent amount and proportionately between 104 (g) loans and 104 (e) grants; to the extent that the total exceeds the rupiah equivalent of \$16,000,000, 20 percent of the excess will be available for the use of the Government of the United States of America, 75 percent for loans and grants to the Government of Indonesia under Sections 104 (c) and 104 (g), and 5 percent for loans under Section 104 (e).

### *Article III*

#### DEPOSIT OF RUPIAH

The deposit of rupiah 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 the 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

The Government of Indonesia 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 for export from Indonesia of these or like commodities.

The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to the 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.

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 marked demand for agricultural commodities.

The Government of Indonesia 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 arrival and condition of commodities 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 matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

#### *Article VI*

##### ENTRY INTO FORCE

The 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 fifth day of November 1960.

For the Government  
of the United States of America

Howard P. JONES  
Ambassador Extraordinary  
and Plenipotentiary

For the Government  
of Indonesia :

R. S. KUSUMOWIDAGDO  
Secretary General  
Department of Foreign Affairs

## EXCHANGE OF NOTES

## I

*The American Ambassador to the Secretary General, Indonesian  
Department of Foreign Affairs*

No. 279

Djakarta, November 5, 1960

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today<sup>1</sup> between the Government of the United States of America and the Government of the Republic of Indonesia under Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) and to confirm the following supplementary understanding :

1. In order that the delivery of rice under the Agreement cited above should not unduly disrupt world prices of agricultural commodities, or impair trade relations among friendly nations, the Government of Indonesia shall import during United States calendar year 1960 with its own foreign exchange resources 800,000 metric tons of rice from exporting countries friendly to the United States. This quantity shall be purchased in addition to those quantities to be obtained pursuant to the Agreement cited above.

2. With respect to paragraph 4 of Article II, the Government of the Republic of Indonesia will provide facilities for the conversion of up to the rupiah equivalent of \$320,000 into other currencies. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries. In this connection, the Government of the United States of America may utilize rupiah to procure in Indonesia goods and services needed in connection with agricultural market development projects and activities in other countries, and to pay for international travel originating either in Indonesia or in the United States, including connecting travel. For purposes of Section 104 (h) of the Act, the Government of Indonesia will provide, upon request of the Government of the United States of America, facilities for the conversion into other currencies of up to \$100,000 worth of rupiah for use in purchase of air transportation for Indonesian and American participants in the International Educational Exchange program during the next twelve months.

3. With respect to paragraph 1 of Article II, loans to be made under that portion of Section 104 (e) of the Act will be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958 No. 78.

<sup>1</sup> See p. 36 of this volume.

I shall appreciate Your Excellency's confirmation of the above understanding.  
Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. JONES  
Ambassador Extraordinary and Plenipotentiary

His Excellency R. Suwito Kusumowidagdo  
Secretary General  
Department of Foreign Affairs  
Djakarta

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*The Secretary General, Indonesian Department of Foreign Affairs  
to the American Ambassador*

Djakarta, November 5, 1960

No. 1334/60/06

Excellency,

I have the honour to acknowledge receipt of your Excellency's Note No. 279 dated November 5, 1960, which reads as follows :

[See note I]

I have the honour to confirm that the above understanding is correct.  
Accept, Excellency, the assurances of my highest consideration.

R. S. KUSUMOWIDAGDO  
Secretary General  
Department of Foreign Affairs

His Excellency Howard P. Jones  
Ambassador Extraordinary and Plenipotentiary  
of the United States of America  
Djakarta