

**No. 5998**

---

**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 21 July 1961**

*Official texts: English and Chinese.*

*Registered by the United States of America on 13 December 1961.*

---

**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 21 juillet 1961**

*Textes officiels anglais et chinois.*

*Enregistré par les États-Unis d'Amérique le 13 décembre 1961.*

No. 5998. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA AND THE GOVERNMENT OF THE REPUB-  
LIC OF CHINA UNDER TITLE I OF THE AGRICUL-  
TURAL TRADE DEVELOPMENT AND ASSISTANCE ACT,  
AS AMENDED. SIGNED AT TAIPEI, ON 21 JULY 1961

---

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 or normal patterns of commercial trade with friendly countries ;

Considering that the purchase for New Taiwan dollars of 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 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

1. Subject to the availability of commodities for programing under the Act and to 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 sales for New Taiwan dollars to purchasers authorized by the Government of the Republic of China of the following agricultural commodities in the amounts indicated :

---

<sup>1</sup> Came into force on 21 July 1961, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions of U.S.\$)</i>
Cotton . . . . .	11.2
Wheat . . . . .	6.1
Tobacco . . . . .	1.7
Vegetable oils . . . . .	0.6
Nonfat dry milk . . . . .	0.05
Corn . . . . .	0.25
Ocean freight . . . . .	1.4
<b>TOTAL</b>	<b>21.3</b>

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this Agreement, except that applications 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 of the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and deliver / of commodities, the time and circumstances of deposit of the New Taiwan dollars accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this Agreement.

## *Article II*

### USES OF NEW TAIWAN DOLLARS

1. 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.* For United States expenditures under subsections (a), (b), (d), (f) and (h) through (r) of Section 104 of the Act or under any of such subsections, 19 per cent of the New Taiwan dollars accruing pursuant to this Agreement.

*b.* 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, 10 per cent of the New Taiwan dollars accruing pursuant to this 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 Republic of China firms 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 that 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 the 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. 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 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.* For procurement of military equipment, materials, facilities, and services in accordance with Section 104 (c) of the Act, 54 per cent of the New Taiwan dollars accruing pursuant to this Agreement.

*d.* For a loan to the Government of the Republic of China under Section 104 (g) of the Act for financing such projects to promote economic development as may be mutually agreed, including projects not heretofore included in plans of the Government of the Republic of China, 17 per cent of the New Taiwan dollars accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement.

2. In the event that agreement is not reached on the use of the New Taiwan dollars for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the New Taiwan dollars for any purpose authorized by Section 104 of the Act.

*Article III*

## DEPOSIT OF NEW TAIWAN DOLLARS

1. 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.

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of New Taiwan dollars which may be due or become due under this Agreement more than two years from the effective date of this Agreement will be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

*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 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 made pursuant to this Agreement will not displace usual marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or 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 arrival and condition of commodities and pro-

visions 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

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 in duplicate in the English and Chinese languages, at Taipei, this twenty-first day of July, 1961, corresponding to the twenty-first day of the seventh month of the fiftieth year of the Republic of China.

For the Government  
of the United States of America :

Joseph A. YAGER

[SEAL]

For the Government  
of the Republic of China :

SHEN Chang-huan

[SEAL]

## [TRANSLATION — TRADUCTION]

Taipei, 21 July 1961

No. wai-(50)-mei-i-010630

Sir,

[See note II]

Accept, Sir, etc.

SHEN Chang-huan

Mr. Joseph A. Yager  
Chargé d'affaires ad interim  
American Embassy  
Taipei

## II

*The American Chargé d'Affaires ad interim to the Chinese Minister of Foreign Affairs*

Taipei, July 21, 1961

No. 3

Excellency :

I have the honor to refer to your note number wai-(50)-mei-i-010630, dated July 21, 1961, which reads as follows :

"I have the honor to refer to the Agricultural Commodities Agreement signed today<sup>1</sup> 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 U.S. \$21.3 million worth 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 fiscal year 1962. In this regard, my Government agrees that during the same fiscal year it will import with its own foreign exchange resources U.S. \$1.0 million worth of tobacco from free world sources including not less than U.S. \$800,000 from the United States in addition to the U.S. \$1.7 million worth to be obtained under the terms of the cited Agricultural Commodities Agreement.

<sup>1</sup> See p. 102 of this volume.

"It is further understood that the sale of cotton under this Agreement is made on the condition that my Government will import with its own resources from free world sources the equivalent weight of the raw cotton content of total cotton textiles exported during the period that cotton under this Agreement is being imported and utilized.

"I shall appreciate receiving your confirmation of the above understandings."

I also have the honor to confirm to you the concurrence of the Government of the United States of America in the above understandings.

Accept, Excellency, the assurances of my highest consideration.

Joseph A. YAGER

His Excellency Shen Chang-huan  
Minister of Foreign Affairs  
Taipei

### III

#### *The American Chargé d'Affaires ad interim to the Chinese Minister of Foreign Affairs*

Taipei, July 21, 1961

No. 4

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.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Government of the Republic of China with respect to New Taiwan dollars accruing for uses under Article II, subparagraph 1-a of the Agreement.

The Government of the Republic of China will provide facilities for the conversion of up to U.S. \$426,000 worth of New Taiwan dollars into other currencies. These facilities for conversion are needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

The Government of the United States of America may utilize New Taiwan dollars in the Republic of China to pay for international travel originating either in the Republic of China or outside the Republic of China when involving travel to or through the Republic of China, including connecting travel, and for air travel within the United States or other areas outside the Republic of China when it is part of a trip



in which the traveler journeys from, to or through the Republic of China. It is understood that these funds are intended to cover only travel by persons engaged in activities financed under Section 104 of the Agricultural Trade Development and Assistance Act, as amended.

I shall appreciate receiving Your Excellency's confirmation of the above understanding.

Accept, Excellency, the assurances of my highest consideration.

Joseph A. YAGER

His Excellency Shen Chang-huan  
Minister of Foreign Affairs  
Taipei

## IV

*The Chinese Minister of Foreign Affairs to the American Chargé d'Affaires ad interim*

[CHINESE TEXT — TEXTE CHINOIS]

逕覆者：接准

照會

貴代辦本日第四號照會內開：

「關於 貴我兩國政府於本日所簽訂之農產品協定事，本

代辦願奉達如下：

關於為供本協定第二條第一項甲款之用途而獲得之新台幣

一節，本代辦茲證實本國政府對本大使館與

貴國政府會談所獲協議之了解如后：

外  
(50)  
英  
一

010631

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

Taipei, July 21, 1961

No. wai-(50)-mei-i-010631

Sir :

I have the honor to acknowledge receipt of your note No. 4 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, Sir, the assurances of my high consideration.

SHEN Chang-huan  
[SEAL]

Mr. Joseph A. Yager,  
Chargé d'Affaires ad interim  
American Embassy  
Taipei

---

<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.