

No. 5579

**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 30 August 1960**

Official texts: English and Chinese.

Registered by the United States of America on 23 February 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 30 août 1960**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 23 février 1961.

No. 5579. 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 ASSIST-
ANCE ACT, AS AMENDED. SIGNED AT TAIPEI, ON
30 AUGUST 1960

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 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

1. Subject to the availability of commodities for programming 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 determined to be surplus pursuant to the Act, in the amounts indicated :

¹ Came into force on 30 August 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions of U.S.\$)</i>
Wheat	8.3
Tobacco	1.7
Cotton	2.3
Vegetable Oils (Soybeans and/or Cottonseed)4
Ocean Transportation (estimated)	1.5
	14.2

2. Applications for purchase authorizations will be made within 90 calendar days 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 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. For United States expenditures under subsections (*a*), (*b*), (*d*), (*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, the New Taiwan dollar equivalent of U.S. \$2.75 million.

b. For procurement of military equipment, materials, facilities, and services in accordance with Section 104 (*c*) of the Act, the New Taiwan dollar equivalent of U.S. \$7.55 million, as mutually agreed upon by the two Governments.

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 U.S. \$2.6 million but not more than 25 percent 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 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. 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 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.

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 U.S. \$1.3 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 separate loan agreement. 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 New Taiwan dollar equivalent of U.S. \$14.2 million, the amount available for expenditures under Section 104 (c) of the Act will be reduced by the difference. To the extent that the total exceeds the New Taiwan dollar equivalent of U.S. \$14.2 million, 81 % of the excess will be available for common defense purposes under Section 104 (c), and 19 % 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 Thirtieth day of August, 1960, corresponding to the Thirtieth day of the Eighth month of the Forty-Ninth 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 :

SHEN Chang-huan
[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Chinese Minister of Foreign Affairs

No. 11

Taipei, August 30, 1960

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.¹

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, paragraph 1 *a* of the Agreement.

The Government of the Republic of China will provide facilities for the conversion of up to U.S. \$284,000 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. It is understood that this is intended to cover only travel by persons engaged in program activities financed under Section 104 other than Section 104 (*f*) of the Agricultural Trade Development and Assistance Act, as amended. It is further understood that this travel includes only trips originating in the Republic of China or originating outside the Republic of China when involving travel to or through the Republic of China and 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.

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

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

Everett F. DRUMRIGHT

His Excellency Shen Chang-huan
Minister of Foreign Affairs
Taipei

¹ See p. 192 of this volume.

[TRANSLATION¹ — TRADUCTION²]

No. wai—(49)—mei—i—014733

Taipei, August 30, 1960

Excellency :

I have the honor to acknowledge receipt of Your Excellency's note No. 11 of today's date reading as follows :

[*See note I*]

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.

SHEN Chang-huan

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.

[TRANSLATION — TRADUCTION]

No. wai-(49)-mei-i-014732

Taipei, 30 August 1960

Excellency,

[See note IV]

Accept, etc.

SHEN Chang-huan

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

IV

The American Ambassador to the Chinese Minister of Foreign Affairs

No. 12

Taipei, August 30, 1960

Excellency :

I have the honor to refer to your note No. wai-(49)-mei-i-014732, dated August 30, 1960, which reads as follows :

“ I have the honor to refer to the Agricultural Commodities Agreement signed today 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. \$14.2 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 calendar year 1960 and that it will limit the exports of tobacco of indigenous origin in the same period to a total value not exceeding U.S. \$250,000. In this regard, my Government agrees that during the same calendar year it will import with its own foreign exchange resources U.S. \$900,000 worth of tobacco 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.

“ My Government also understands that the sale of wheat under this Agreement is made on the condition that it will take all possible measures to assure that the purchase of such wheat does not result in increased availability for export of wheat, of products derived therefrom, or of like com-

modities; and that during the United States calendar year 1960 my Government will permit the sale and delivery of rice only to countries to which rice was shipped after January 1, 1955, and only to a total quantity for all such countries combined of 150,000 metric tons in the same calendar year.

“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 Excellency’s 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 continued assurances of my highest consideration.

Everett F. DRUMRIGHT

His Excellency Shen Chang-huan
Minister of Foreign Affairs
Taipei