

No. 6248

**UNITED STATES OF AMERICA
and
INDONESIA**

**Agricultural Commodities Agreement under Title I of
the Agricultural Trade Development and Assistance
Act, as amended (with exchange of notes). Signed at
Djakarta, on 26 October 1961**

**Exchange of notes constituting an agreement amending the
above-mentioned Agreement. Djakarta, 17 November
1961**

Official text: English.

Registered by the United States of America on 16 July 1962.

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

**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 Djakarta, le 26 octobre 1961**

**Échange de notes constituant un accord modifiant l'Accord
susmentionné. Djakarta, 17 novembre 1961**

Texte officiel anglais.

Enregistrés par les États-Unis d'Amérique le 16 juillet 1962.

No. 6248. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF INDONESIA
UNDER TITLE I OF THE AGRICULTURAL TRADE DE-
VELOPMENT AND ASSISTANCE ACT, AS AMENDED.
SIGNED AT DJAKARTA, ON 26 OCTOBER 1961

The Government of the United States of America and the Government of Indo-
nesia ;

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 rupiah of agricultural commodities produced
in the United States of America will assist in achieving such an expansion of trade ;

Considering that the rupiah 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 Indonesia 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 col-
lectively in furthering the expansion of trade in such commodities ;

Have agreed as follows :

Article I

SALES FOR INDONESIAN RUPIAH

1. Subject to issuance by the Government of the United States of America and
acceptance by the Government of Indonesia of purchase authorizations and to the
availability of commodities under the Act at the time of exportation, the Government
of the United States of America undertakes to finance the sales for rupiah, to pur-

¹ Came into force on 26 October 1961, upon signature, in accordance with article VI.

chasers authorized by the Government of Indonesia, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value</i>
Rice	\$5,800,000
Ocean Transportation (estimated)	900,000
TOTAL	<u>\$6,700,000</u>

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 after the effective date of such amendment. 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.

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

4. The financing, sale and delivery of commodities under this Agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

Article II

USES OF INDONESIAN RUPIAH

The rupiah 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), (f) and (h) through (r) of Section 104 of the Act, or under any of such subsections, twenty percent of the rupiah 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 Indonesia incident thereto, five percent of the rupiah accruing pursuant to this Agreement.
- C. For a loan to the Government of Indonesia under Section 104 (g) of the Act 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, seventy-five percent of the rupiah accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be

set forth in a separate loan agreement. In the event that agreement is not reached on the use of the rupiah for loan purposes 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.

Article III

DEPOSIT OF INDONESIAN RUPIAH

1. The amount of rupiah to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into rupiah, as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Indonesia, or
- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of Indonesia.

In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of rupiah which may be due or become due under this Agreement more than two years from the effective date of this Agreement would 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

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 market 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 26th day of October, 1961.

For the Government
of the United States of America :

Howard P. JONES

For the Government
of Indonesia :

R. Suwito KUSUMOWIDAGDO

EXCHANGE OF NOTES

I

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

Djakarta, October 26, 1961

No. 1221/61/06.

Excellency :

With reference 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 Indonesia of \$6,700,000 of rice, I have the honor to inform you of the following :

(1) In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, my Government agrees that during the calendar year 1961 it will procure and import with its own foreign exchange resources from the United States of America and countries friendly to it at least 650,000 metric tons of rice in addition to the rice to be imported under the terms of the cited Agreement.

(2) With regard to the conversion of rupiah into other currencies and to certain other matters relating to the use by the Government of the United States of America of Indonesian rupiah accruing under the subject Agreement it is understood that :

(a) Upon request of the Government of the United States of America, the Government of Indonesia will provide facilities for conversion of two percent of the rupiah accruing from sales under this Agreement into other currencies for purposes of Section 104 (a) of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act). These currencies will be used in the case of Section 104 (a) to finance agricultural market development activities in other countries.

(3) With respect to paragraph 2 of Article II of the Agreement, 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.

I shall appreciate receiving your Excellency's confirmation of the above understandings.

¹ See p. 250 of this volume.

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

R. Suwito KUSUMOWIDAGDO
Secretary General
Department of Foreign Affairs

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

II

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

Djakarta, October 26, 1961

No. 311

Excellency :

I have the honor to acknowledge receipt of Your Excellency's Note No. 1221 /61 / 06 of today's date, which reads as follows :

[See note I]

I have the honor to confirm that the above understandings are correct.

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

III

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

Djakarta, October 26, 1961

No. 301

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 Indonesia signed today, and in particular to Article III concerning the applicable rate of exchange for the deposit of rupiah equivalent to (1) the dollar sales value of the commodities purchased under the Agreement and (2) ocean transportation costs financed by the Government of the United States of America.

I wish to confirm my Government's understanding of the agreement reached in conversations between representatives of our Governments, which understanding is as follows :

1. Pursuant to the provisions of subparagraph 1 (b) of Article III of the said Agreement, as long as there is no change in the present exchange system of Indonesia, the Class A, Subcategory II, import rate, at present 56.25 rupiah per dollar, is applicable to deposits relating to dollar disbursements made pursuant to Article III of the Agreement.
2. In the event of a change in the exchange system of Indonesia, including a change in the price component system before the dollar disbursements referred to in Article III are completed, a new exchange rate for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

I shall appreciate receiving 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

IV

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

Djakarta, October 26, 1961

No. 1223/61/06

Excellency :

I have the honour to acknowledge receipt of Your Excellency's Note No. 301 of today's date, which reads as follows :

[See note III]

I have the honour to confirm that the above understanding is correct.

Accept, Excellency, the assurances of my highest consideration.

R. Suwito KUSUMOWIDAGDO
Secretary General
Department of Foreign Affairs

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

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
 BETWEEN THE UNITED STATES OF AMERICA AND
 INDONESIA AMENDING THE AGRICULTURAL COM-
 MODITIES AGREEMENT OF 26 OCTOBER 1961.² DJA-
 KARTA, 17 NOVEMBER 1961

I

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

Djakarta, November 17, 1961

No. 365

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement entered into by our two Governments on October 26, 1961,² and to the accompanying exchange of notes,² and, in response to the request of the Government of Indonesia, to propose that this Agreement be amended as follows :

1. Change the commodity provision of Article I to read :

"Rice	\$11,600,000
Ocean transportation (estimated)	1,825,000
	<hr/>
TOTAL	\$13,425,000"

I have the honor to propose that this note and Your Excellency's reply concurring therein shall constitute an agreement between our two Governments in this matter to enter into force on the date of Your Excellency's note in reply.

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

¹ Came into force on 17 November 1961 by the exchange of the said notes.

² See p. 250 of this volume.

II

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

DEPARTEMEN LUAR NEGERI
REPUBLIK INDONESIA¹

Djakarta, November 17, 1961

No. 1312/61/06.

Excellency :

I have the honour to acknowledge receipt of your Excellency's note No. 365 dated November 17, 1961, which reads as follows :

[See note I]

I have the honour to confirm, on behalf of my Government, that your Excellency's note and this note in reply concurring therein, constitute an agreement between our two Governments in this matter to enter into force on this date.

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

[SEAL]

R. SUWITO KUSUMOWIDAGDO
Secretary General
Department of Foreign Affairs

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

¹ The Department of Foreign Affairs, Republic of Indonesia.