

No. 6251

**UNITED STATES OF AMERICA
and
PHILIPPINES**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at
Manila, on 24 November 1961**

Official text: English.

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

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

**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 Manille, le 24 novembre
1961**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 16 Juillet 1962.

No. 6251. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES UNDER TITLE I OF
THE AGRICULTURAL TRADE DEVELOPMENT AND
ASSISTANCE ACT, AS AMENDED. SIGNED AT MANILA,
ON 24 NOVEMBER 1961

The Government of the United States of America and the Government of the Republic of the Philippines :

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

Considering that the Philippine pesos 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 the Philippines 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 ;

Agree as follows :

Article I

SALES FOR PHILIPPINE PESOS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of the Republic of the Philippines of purchase author-

¹ Came into force on 24 November 1961, upon signature, in accordance with article VI.

izations 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 sale for the Republic of the Philippines pesos to purchasers authorized by the Government of the Republic of the Philippines of the following agricultural commodity in the amounts indicated.

<i>Commodity</i>	<i>Export Market Value (Millions)</i>
Cotton	\$21.00
Ocean freight	0.75
	TOTAL \$21.75

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 delivery of commodities, the time and circumstances of deposit of the Philippine pesos accruing from such sale, and other relevant matters.

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

Article II

USE OF PHILIPPINE PESOS

1. The Philippine pesos 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 amount 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, twenty-five percent of the Philippine pesos 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 the Philippines incident thereto, twenty-five percent of the Philippine pesos accruing 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 the Philippines for business development and trade expansion in the Republic of the Philippines and to United States firms and to Philippine firms for the establish-

- ment 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 the Philippines, acting through the Central Bank of the Philippines (hereinafter referred to as the Central Bank). The Governor of the Central Bank or his designate will act for the Government of the Republic of the Philippines 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 Central Bank 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 Central Bank 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 the Philippines 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 Central Bank will indicate to the Export-Import Bank whether or not the Central Bank has any objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Central Bank.
 - (6) In the event the Philippine pesos 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 Central Bank, the Government of the United States of America may use the Philippine pesos 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, twenty-three percent of the Philippine pesos accruing pursuant to this Agreement.

d. For a grant to the Government of the Republic of the Philippines under subsection (e) of Section 104 of the Act for financing such community development programs as may be mutually agreed, fourteen percent of the Philippine pesos accruing pursuant to this Agreement.

e. For a loan to the Government of the Republic of the Philippines 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 the Philippines, thirteen percent of the Philip-

pine pesos accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement between the Export-Import Bank of Washington and the Government of the Republic of the Philippines. In the event that agreement is not reached on the use of the Philippine pesos for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the Philippine pesos for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF PHILIPPINE PESOS

1. The amount of pesos to be deposited to the account of the United States shall be the equivalent of the dollar sales value of the commodity and ocean transportation costs reimbursed or financed by the Government of the United States (except excess costs resulting from the requirement that United States flag vessels be used) converted into pesos, 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 the Republic of the Philippines, or
- b.* If more than one legal rate for foreign exchange transactions exists, the rate of exchange shall be mutually agreed upon from time to time between the Government of the United States and the Government of the Republic of the Philippines.

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 Philippine pesos 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 the Philippines 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 the Philippines 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 the arrival and condition 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 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 at Manila in duplicate, this 24th day of November, 1961.

For the Government
of the United States of America :

John D. HICKERSON
American Ambassador

[SEAL]

For the Government
of the Republic of the Philippines :

F. M. SERRANO
Secretary of Foreign Affairs

[SEAL]

EXCHANGE OF NOTES

I

EMBASSY OF THE UNITED STATES OF AMERICA

November 24, 1961

No. 396

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 the Philippines 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 the Philippines with respect to Philippine pesos accruing for uses under Article II, subparagraph 1 (a) of the agreement.

The Government of the Republic of the Philippines will provide facilities for the conversion of two percent of the Philippine pesos accruing pursuant to the Agreement 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 Philippine pesos in the Republic of the Philippines to pay for international travel originating either in the Republic of the Philippines or outside the Republic of the Philippines when involving travel to or through the Republic of the Philippines, including connecting travel, and for air travel within the United States or other areas outside the Republic of the Philippines when it is part of a trip in which the traveler journeys from, to or through the Republic of the Philippines. It is understood that these funds are intended to cover only travel by persons engaged in activities financed under Section 104 (a) 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 renewed assurances of my highest consideration.

John D. HICKERSON
American Ambassador

His Excellency Felixberto Serrano
Secretary of Foreign Affairs
Republic of the Philippines

¹ See p. 316 of this volume.

II

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FOREIGN AFFAIRS

Manila, November 24, 1961

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note No. 396, dated November 24, 1961, which reads as follows :

[See note I]

On behalf of the Government of the Republic of the Philippines, I have the honor to confirm that the understanding of your Government as set forth in your note is also the understanding of my Government.

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

F. M. SERRANO
Secretary of Foreign Affairs

His Excellency John D. Hickerson
American Ambassador

III

EMBASSY OF THE UNITED STATES OF AMERICA

November 24, 1961

No. 397

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of the Republic of the Philippines, and in particular to Article III of the Agreement relating to the deposit of Philippine pesos 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.

It is the understanding of the Government of the United States of America that, pursuant to the provisions of subparagraph 1 (b) of Article III, deposits of pesos under Article III will be made at the rate of 3.45 pesos per dollar. In the event of a change in the effective exchange rates or in the exchange system of the Philippines, before the dollar disbursements referred to in Article III are completed, the 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 foregoing understanding.

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

John D. HICKERSON
American Ambassador

His Excellency Felixberto Serrano
Secretary of Foreign Affairs
Republic of the Philippines

IV

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FOREIGN AFFAIRS

Manila, November 24, 1961

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note No. 397, dated November 24, 1961, which reads as follows :

[See note III]

On behalf of the Government of the Republic of the Philippines, I have the honor to confirm that the understanding of your Government as set forth in your note is also the understanding of my Government.

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

F. M. SERRANO
Secretary of Foreign Affairs

His Excellency John D. Hickerson
American Ambassador