

No. 6276

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**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 19 February 1962**

*Official text: English.*

*Registered by the United States of America on 2 August 1962.*

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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 tendant à développer et à favoriser le  
commerce agricole, telle qu'elle a été modifiée (avec  
échange de notes). Signé à Djakarta, le 19 février 1962**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 2 août 1962.*

No. 6276. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
STATES OF AMERICA AND THE GOVERNMENT OF  
INDONESIA UNDER TITLE I OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS  
AMENDED. SIGNED AT DJAKARTA, ON 19 FEBRU-  
ARY 1962

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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, as amended (hereinafter referred to as the Act), during the calendar years 1962, 1963 and 1964 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 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 sale for rupiah to purchasers authorized by the Government of Indonesia of the following agricultural commodities in the minimum amounts indicated.

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<sup>1</sup> Came into force on 19 February 1962, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Rice . . . . .	\$24.5
Cotton (domestic processing) . . . . .	19.8
Cotton (third country processing) . . . . .	16.5
Wheat flour . . . . .	15.0
Tobacco . . . . .	10.0
Ocean transportation . . . . .	6.9
	TOTAL \$92.7

2. Applications for purchase authorizations for \$5.0 million of rice, \$5.0 million of wheat flour, \$3.333 million of tobacco, \$5.7 million of cotton (domestic processing), and \$16.5 million of cotton (third country processing), plus certain ocean transportation costs, will be made within 90 calendar days after the effective date of this agreement for procurement during calendar year 1962.

The amounts of rice, cotton, tobacco, and wheat flour for subsequent years will be determined on the basis of annual review to be made by the two Governments. Purchase authorizations will include provisions relating to the sale and delivery of commodities including classes, types and/or varieties, the time and circumstances of deposit of the rupiah and other relevant matters.

## *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 :

1. For United States expenditures under subsections (a), (b), (f), (h) through (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, other than under subsections (e) and (g), ten percent of the rupiah received under the agreement.
2. For loans to be made by the Agency for International Development under Section 104 (e) of said Act and for administrative expenses of the Agency for International Development in Indonesia incident thereto, five percent of the currencies received under the agreement.
3. For loan to the Government of Indonesia under subsection (g) of Section 104 of the Act, for financing such projects to promote balanced economic

development as may be mutually agreed, including projects not heretofore included in plans of the Government of Indonesia, 85 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 agreement.

In the event that agreement is not reached on the use of the rupiah for loan purposes within six years from the date of this agreement, the Government of the United States of America may use the local currency for any purpose 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.

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 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

1. 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 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 for export from Indonesia.

2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of agricultural commodities pursuant to the 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, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for agricultural commodities.

4. The Government of Indonesia agrees to furnish, upon request 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 Djakarta in duplicate this 19th day of February, 1962.

For the Government  
of the United States of America :

Howard P. JONES

For the Government  
of Indonesia :

Dr. SUBANDRIO

## EXCHANGE OF NOTES

## I

No. 522

Djakarta, February 19, 1962

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 Indonesia (hereinafter referred to as the Agreement) and, with regard to the rupiah accruing to uses indicated under Article II of the Agreement, to state that the understanding of the Government of the United States of America is as follows :

1. With respect to Article II, Paragraph (1) of the Agreement :

The Government of Indonesia will provide facilities over the three years for the conversion of two percent of the rupiah accruing pursuant to the subject agreement for agricultural market development purposes into currencies other than United States dollars on request of the Government of the United States of America. 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.

For purposes of section 104 (*h*) of the Act the Government of Indonesia will provide, upon request to the Government of the United States of America, facilities for the conversion into other currencies of up to \$500,000 worth of rupiah for use in the purchase of transportation for Indonesian and American participants in the International Educational Exchange Program. Not more than \$100,000 of this amount will be available for use in 1962, not more than \$200,000 in 1963, with the unused balance of the \$500,000 to be available for use in 1964.

The Government of the United States of America may utilize rupiah in Indonesia to pay for goods and services needed in connection with agricultural market development projects and activities in other countries.

2. With respect to Article II, Paragraph 2 of the Agreement :

Loans to be made under that portion of Section 104 (*e*) of the Act shall be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958, No. 78.

3. I wish to confirm my Government's understanding that imports of agricultural commodities under Title I of the Act shall be over and above usual commercial imports from the United States and countries friendly to the United States during each of the calendar years indicated as follows :

<sup>1</sup> See p. 138 of this volume.

Rice . . . . .	650,000 MT.	1962, 1963, 1964
Wheat flour . . . . .	105,000 MT.	1962, 1963, 1964

Imports of cotton under Title I of the Act shall be over and above usual commercial imports of 17,000 bales from the United States in each of the calendar years 1962, 1963, and 1964. These understandings with respect to usual commercial imports may be adjusted on the basis of a review of Indonesia's food and cotton supplies, financial position, and other relevant factors to be made by the two Governments prior to the beginning of each calendar year.

In the case of rice it is understood that imports under Title I shall be over and above the Government of Indonesia's commitment to purchase rice from countries friendly to the United States of America (including the United States of America) for delivery in calendar year 1962, which at this time amounts to 650,000 MT. During the subsequent years of the Agreement the progress and programs of the Government of Indonesia relating to total rice imports shall be taken into account in the annual review.

I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of Indonesia.

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

Howard P. JONES

His Excellency Dr. Subandrio  
Minister of Foreign Affairs  
Djakarta

## II

No. 0153/62/06

Djakarta, February 19, 1962

Excellency :

I have the honour to acknowledge receipt of Your Excellency's Note No. 522 dated February 19, 1962, 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.

Minister of Foreign Affairs :

Dr. SUBANDRIO

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

## III

No. 523

Djakarta, February 19, 1962

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.

It is the understanding of the Government of the United States, pursuant to the provisions of subparagraph 1 (b) of Article III, that rupiah deposits against fifteen percent of each disbursement by the United States corresponding to the portion of sales proceeds set aside for purposes specified under Article II, paragraphs (1) and (2) of the Agricultural Commodities Agreement, shall be made at the rate of rupiah 90.28125 per U.S. dollar. Deposits against the remaining eighty-five percent of each dollar disbursement, designated for uses specified under Article II, paragraph (3), shall be made at rupiah 45.28125 per U.S. dollar.

It is further understood that in the event of a change in the exchange system of Indonesia before the dollar disbursements referred to in Article III are completed, the new exchange rate or rates, 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.

Howard P. JONES

His Excellency Dr. Subandrio  
Minister of Foreign Affairs  
Djakarta



## IV

No. 0154/62/06

Djakarta, February 19, 1962

Excellency :

I have the honour to acknowledge receipt of Your Excellency's Note No. 523 dated February 19, 1962, 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.

Minister of Foreign Affairs :

Dr. SUBANDRIO

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