

No. 7712

**UNITED STATES OF AMERICA
and
REPUBLIC OF CHINA**

**Agricultural Commodities Agreement under Title IV of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Taipei,
on 31 December 1964**

Official texts: English and Chinese.

Registered by the United States of America on 26 April 1965.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CHINE**

**Accord relatif aux produits agricoles, conclu dans le cadre
du titre IV 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 31 décembre
1964**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 26 avril 1965.

No. 7712. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE REPUBLIC OF CHINA UNDER TITLE IV OF THE
AGRICULTURAL TRADE DEVELOPMENT AND AS-
SISTANCE ACT, AS AMENDED. SIGNED AT TAIPEI,
ON 31 DECEMBER 1964

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 in a manner which would utilize surplus agricultural commodities, including the products thereof, produced in the United States of America to assist economic development in the Republic of China;

Recognizing that such expanded trade should be carried on in a manner which would not displace cash marketings of the United States of America in those commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade;

Recognizing further that by providing such commodities to the Republic of China under long-term supply and credit arrangements, the resources and manpower of the Republic of China can be utilized more effectively for economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use;

Desiring to set forth the understandings which will govern the sales, as specified below, of commodities to the Republic of China pursuant to Title IV of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act);

Have agreed as follows :

Article I

COMMODITY SALES PROVISIONS

1. Subject to the annual review provided for below, to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of China of credit purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Govern-

¹ Came into force on 31 December 1964, upon signature, in accordance with article V.

ment of the United States of America undertakes to finance, during the periods specified in the following table or such longer periods as may be authorized by the Government of the United States of America, sales for United States dollars, to purchasers authorized by the Government of the Republic of China, of the following commodities :

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity</i>			<i>Maximum Export Market Value To be Financed (1,000)</i>
Corn	Calendar Year 1965	15,000	Metric	Tons	\$ 871
Tallow, inedible . .	Calendar Year 1965	10,000	Metric	Tons	2,152
Cotton	Calendar Year 1965	100,000	Bales		11,488
Ocean transportation (estimated) . .					980
TOTAL					<u>\$15,491</u>
Wheat	Calendar Year 1966	225,000	Metric	Tons	\$15,274
Tallow, inedible . .	Calendar Year 1966	10,000	Metric	Tons	2,152
Cotton	Calendar Year 1966	100,000	Bales		11,488
Ocean transportation (estimated) . .					3,409
TOTAL					<u>\$32,323</u>

The total amount of financing provided in the credit purchase authorizations shall not exceed the above-specified export market value to be financed, except that additional financing for ocean transportation will be provided if the estimated amount for financing shipments required to be made on United States flag vessels proves to be insufficient. It is understood that the Government of the United States of America will, as price declines or other marketing factors may require, limit the amount of financing provided in the credit purchase authorizations so that the quantities of commodities financed will not substantially exceed the above-specified approximate maximum quantities.

2. With respect to the above commodities the two Governments will review annually, supply and requirement factors and related matters, including normal patterns of trade with countries friendly to the United States of America, and agree upon any necessary adjustments of the composition and the approximate maximum quantities of the commodities, specified in paragraph 1 of this Article, to be supplied and export market value to be financed for any period after calendar year 1965.

3. Credit purchase authorizations will include provisions relating to the sale and delivery of such commodities and other relevant matters.

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

Article II

CREDIT PROVISIONS

1. The Government of the Republic of China will pay, or cause to be paid, in United States dollars to the Government of the United States of America for the commodities specified in Article I and related ocean transportation (except excess ocean transportation costs resulting from the requirement that United States flag vessels be used) the amount financed by the Government of the United States of America together with interest thereon.

2. Payment of amounts financed in connection with shipments made in each calendar year, including the applicable ocean transportation costs related to such deliveries, shall be made in 19 annual installments. The first annual payment shall become due on March 31 immediately following the calendar year of shipment. This payment shall be for 25 percent of the amount of commodity value financed by the Government of the United States of America on shipments made during the preceding calendar year. Payment for the balance of amounts financed in connection with shipments made in each calendar year shall be made in 18 approximately equal annual installments due on March 31 of successive calendar years. Any annual payment may be made prior to the due date thereof.

3. Interest on the unpaid balance of the principal amount due the Government of the United States of America for commodities delivered in each calendar year shall be computed at the rate of 3½ percent per annum and shall begin on the date of last delivery of commodities in such calendar year. Interest on each such unpaid balance shall be paid annually not later than the date on which the annual payment of principal becomes due.

4. All payments shall be made in United States dollars and the Government of the Republic of China shall deposit, or cause to be deposited, such payments in the United States Treasury for credit to the Commodity Credit Corporation unless another depository is agreed upon by the two Governments.

5. The two Governments will each establish appropriate procedures to facilitate the reconciliation of their respective records of the amounts financed with respect to the commodities delivered during each calendar year.

6. For the purpose of determining the date of the last delivery of commodities for each calendar year, delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier.

Article III

GENERAL PROVISIONS

1. The Government of the Republic of China will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic consumption of the agricultural commodities purchased pursuant to this agreement; to prevent the export of any commodity of either domestic or foreign origin which is the same as or like the commodities purchased pursuant to this agreement during the period beginning on the date of this agreement and ending on the final date on which said commodities are being received and utilized (except where such export is specifically approved by the Government of the United States of America); and to ensure that the purchase of commodities pursuant to this agreement does not result in increased availability of these or like commodities to other countries.

2. The two Governments will take reasonable precautions to assure that sales or purchases of commodities pursuant to the agreement will not displace cash marketings of the United States of America in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade of countries friendly to the United States of America.

3. 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.

4. In carrying out the provisions of 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 commodities.

Article IV

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 entered into pursuant to this agreement.

Article V

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 thirty-first day of December, 1964 corresponding to the thirty-first day of the twelfth month of the fifty-third year of the Republic of China.

For the Government
of the United States of America :

Jerauld WRIGHT
[SEAL]

For the Government
of the Republic of China :

CHU Fu-sung
[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Chinese Acting Minister of Foreign Affairs

No. 17

Taipei, December 31, 1964

Excellency :

I have the honor to refer to the Title IV Agricultural Commodities Agreement between the Government of the United States of America and the Government of the Republic of China signed today,¹ and to confirm my Government's understanding of the following :

With regard to paragraph 3 of Article III of the agreement, the Government of the Republic of China agrees to furnish quarterly the following information in connection with each shipment of commodities received under the Agricultural Commodities Agreement : The name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; the condition in which received; date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally or, if shipped, where shipped. In addition, the Government of the Republic of China agrees to furnish quarterly : (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished, (b) assurances that the program has not resulted in increased availability of the same or like commodities to other nations, and (c) a statement by the Government of the Republic of China showing progress made toward fulfilling commitments on usual marketings, accompanied by statistical data on imports and exports by country of origin or destination of commodities which are the same as or like those imported under this agreement.

It is also understood that any New Taiwan dollars resulting from the sale within the Republic of China of the commodities purchased pursuant to the agreement which are loaned by the Government of the Republic of China to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the Republic of China.

As agreed in conversations which have taken place between representatives of our two Governments, the Government of the Republic of China will use the New Taiwan dollars resulting from the sale of commodities financed under the agreement for economic and social development programs as may be mutually agreed upon by our two governments.

Upon request, the Government of the Republic of China agrees to furnish the Government of the United States of America reports showing the total New Taiwan dollars available to the Government of the Republic of China from the

¹ See p. 60 of this volume.

sale of the commodities and reports listing the projects being undertaken including information on the name, location and amount invested in each project.

In agreeing that the delivery of commodities pursuant to the agreement should not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries, the Government of the Republic of China agrees that it will, in addition to the commodities to be programmed under the agreement, import with its own resources from free world sources, including the United States of America, the following commodities, subject to any adjustment which may be determined during any annual review pursuant to paragraph 2 of Article I of the agreement: (a) during calendar year 1965, 155,000 bales of cotton of which at least 120,000 bales will be from the United States of America; 20,000 metric tons of corn; and 4,000 metric tons of inedible tallow, (b) during calendar year 1966, 65,000 metric tons of wheat; 170,000 bales of cotton of which 127,500 bales will be from the United States of America; and 5,000 metric tons of inedible tallow, and (c) during each of calendar years 1965 and 1966 or any subsequent period during which the commodities purchased under the agreement are being imported, an additional amount of raw cotton equivalent by weight of the cotton textiles exported during each of calendar years 1965 and 1966 exceeding the level of cotton textiles exported during calendar year 1964. Not less than three-fourths of this cotton will be purchased from the United States of America.

The Government of the Republic of China further agrees it will limit its exports of rice during calendar year 1966 and any succeeding period during which wheat is being imported and utilized under the provisions of the agreement to a maximum of 150,000 metric tons and that for each ton of rice it exports over 110,000 metric tons during the period it will purchase from the United States of America with its own resources equivalent tonnages of wheat in addition to the 65,000 metric tons mentioned above.

I shall appreciate receiving your confirmation that the foregoing also represents the understanding of the Government of the Republic of China.

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

Jerauld WRIGHT

His Excellency Chu Fu-sung
Acting Minister of Foreign Affairs
Taipei

[TRANSLATION¹ — TRADUCTION²]

WAI (53) PEI-MEI-I-21466

Taipei, December 31, 1964

Excellency :

I have the honor to acknowledge receipt of your note No. 17 of today's date which reads as follows :

[*See note I*]

In reply, I have the honor to confirm that the foregoing also represents the understanding of my Government.

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

CHU Fu-sung

His Excellency Jerauld Wright
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.