

No. 7711

**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 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 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 31 décembre
1964**

Textes officiels anglais et chinois.

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

No. 7711. 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 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 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 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 agricultural commodities to 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 issuance by the Government of the United States of America and acceptance by the Government of the Republic of China of purchase authorizations and to the availability of the specified commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance during calendar year 1965 the sales for New Taiwan dollars, to purchasers authorized by the Government of the Republic of China, of the following agricultural commodities in the amounts indicated :

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

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat	\$14.77
Tobacco	1.26
Ocean transportation (estimated)	2.52
	TOTAL \$18.55

2. Applications for purchase authorizations will be made within 90 days after 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 New Taiwan dollars accruing from such sale, and other relevant matters.

3. 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 NEW TAIWAN DOLLARS

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 proportions shown.

A. For United States expenditures under subsections (a), (b), (d), (f) and (h) through (t) of Section 104 of the Act, or under any of such subsections, 25 percent of the New Taiwan dollars accruing pursuant to this agreement.

B. For grant to the Government of the Republic of China under subsection (c) of Section 104 of the Act, 70 percent of the New Taiwan dollars accruing pursuant to this agreement. In the event that agreement is not reached on the use of the New Taiwan dollars for grant under subsection (c) of Section 104 of the Act within three years from the date of this agreement, the Government of the United States of America may use the New Taiwan dollars for any purpose authorized by Section 104 of the Act.

C. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as AID) under Section 104 (e) of the Act and for administrative expenses of AID in the Republic of China incident thereto, 5 percent of the New Taiwan dollars accruing pursuant 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 China for business development and trade expansion in the Republic of China and to United States firms and to 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 AID and the Government of the Republic of China, acting through the Council for International Economic Cooperation and Development (hereinafter referred to as CIECD). The Chairman of CIECD, or his designate, will act for the Government of the Republic of China, and the Administrator of AID, or his designate, will act for AID.
- (3) Upon receipt of an application which AID is prepared to consider, AID will inform CIECD 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 AID is prepared to act favorably upon an application, it will so notify CIECD 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, provided such rates are not lower than the cost of funds to the United States Treasury on comparable maturities, and the maturities will be consistent with the purposes of the financing.
- (5) Within sixty days after the receipt of the notice that AID is prepared to act favorably upon an application, CIECD will indicate to AID whether or not CIECD has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from CIECD, it shall be understood that CIECD has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify CIECD.
- (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 AID has not approved loans or because proposed loans have not been mutually agreeable to AID and CIECD, the Government of the United States of America may use the New Taiwan dollars for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF NEW TAIWAN DOLLARS

1. The amount of New Taiwan dollars 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 New Taiwan dollars as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursement 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 China, 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 the Republic of China.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of New Taiwan dollars which become due under this agreement or which are due or become due under any prior agricultural commodities agreement. A reserve will be maintained under this agreement for two years from the effective date of this agreement which may be used for the payment of such refunds. Any payment out of this reserve shall be treated as a reduction in the total New Taiwan dollars accruing to the Government of the United States of America under this agreement.

Article IV

GENERAL UNDERTAKINGS

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 purposes of the agricultural commodities purchased pursuant to this agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America); 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 with the final date on which such commodities are 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 the same or like commodities to nations unfriendly to the United States of America.

2. The two Governments will take reasonable precautions to assure that all sales and purchases of agricultural commodities 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 China will furnish quarterly information on the progress of the program, particularly with respect to the arrival and condition of commodities; provisions for the maintenance of usual marketings; and information relating to imports and 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 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. 16

Taipei, December 31, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today¹ by our two Governments, under which the United States of America undertakes to finance the delivery to the Republic of China of \$18,550,000 worth of agricultural commodities, and to inform you of my Government's understanding 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, the Government of the Republic of China agrees that in addition to commodities to be purchased under the terms of this agreement, it will procure and import in calendar year 1965 with its own resources from free world sources : (a) 900 metric tons of tobacco including not less than 665 metric tons from the United States of America, and (b) 65,000 metric tons of wheat.

Further, the Government of the Republic of China agrees that it will limit its exports of rice during calendar year 1965 to a maximum of 150,000 metric tons and that for each ton of rice it exports over 110,000 metric tons during that 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.

(2) With regard to paragraph 4 of Article IV 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; the 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 showing progress made toward fulfilling commitments on usual marketings.

¹ See p. 30 of this volume.

The Government of the Republic of China further agrees that the above statements will be 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.

(3) The Government of the Republic of China will provide, upon request of the Government of the United States of America, facilities for conversion into other non-dollar currencies of the following amounts of New Taiwan dollars : (a) for purposes of Section 104 (a) of the Act, \$371,000 worth or two percent of the New Taiwan dollars accruing under the Agreement, whichever is the greater, to finance agricultural market development activities in other countries ; and (b) for purposes of Section 104 (h) of the Act and for the purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to \$1.1 million worth of New Taiwan dollars to finance educational and cultural exchange programs and activities in other countries.

(4) The Government of the United States of America may utilize New Taiwan dollars in the Republic of China to pay for travel which is part of a trip in which the traveler travels from, to or through the Republic of China. It is understood that these funds are intended to cover only travel by persons who are traveling on official business for the Government of the United States of America or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which New Taiwan dollars may be utilized shall not be limited to services provided by the Republic of China transportation facilities.

(5) It is the interpretation of both Governments that the provisions of the subject agreement, as in the case of similar provisions in prior agreements, relating to the use of New Taiwan dollars for the purchase of goods and services for use in other friendly countries require that the Government of the Republic of China will issue export licenses and will take any other official action necessary to permit such purchases and export.

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

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

Jerauld WRIGHT

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

[TRANSLATION¹ — TRADUCTION²]

MINISTRY OF FOREIGN AFFAIRS
REPUBLIC OF CHINA

WAI (53) PEI-MEI-I-21465

Taipei, December 31, 1964

Excellency :

I have the honor to acknowledge receipt of your note No. 16 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.