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No. 7942

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**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 23 April 1965**

*Official text: English.*

*Registered by the United States of America on 24 September 1965.*

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**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 23 avril 1965**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 24 septembre 1965.*

No. 7942. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA AND THE GOVERNMENT OF THE REPUB-  
LIC OF THE PHILIPPINES UNDER TITLE I OF THE  
AGRICULTURAL TRADE DEVELOPMENT AND ASSIST-  
ANCE ACT, AS AMENDED. SIGNED AT MANILA, ON  
23 APRIL 1965

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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 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 ;

Have agreed 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 authori-

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<sup>1</sup> Came into force on 23 April 1965, upon signature, in accordance with article VI.

zations 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 the sales for Philippine pesos, to purchasers authorized by the Government of the Republic of the Philippines, of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Rice . . . . .	\$12.57

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 the Philippine pesos accruing from such sale, and other relevant matters.

The Government of the United States of America will finance ocean transportation incurred pursuant to this agreement only to the extent that the United States Department of Agriculture determines that such costs are higher than would otherwise be the case by reason of its requiring that commodities be transported in United States flag vessels. The balance of such costs for ocean transportation of commodities required to be carried on United States flag vessels shall be paid in dollars by the Government of the Republic of the Philippines. The Government of the Republic of the Philippines will not be required to deposit any Philippine pesos for ocean transportation financed by the Government of the United States of America.

Promptly after contracting for United States flag shipping space required to be used, and in any event not later than presentation of vessel for loading, the Government of the Republic of the Philippines will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities carried in United States flag vessels.

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 PHILIPPINE PESOS

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 Govern-

ment 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, 40 percent of the Philippine pesos accruing pursuant to this agreement.

B. 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 the Philippines incident thereto, 10 percent of the Philippine pesos 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 the Philippines for business development and trade expansion in the Republic of the Philippines and to United States firms and to Republic of the Philippines 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 the Philippines, acting through the Central Bank (hereinafter referred to as CB). The Governor of the CB, or his designate, will act for the Government of the Republic of the Philippines, 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 CB 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 CB 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 Philippines 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, CB will indicate to AID whether or not it has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from CB, it shall be understood that CB has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify CB.

(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 AID has not approved loans or because proposed loans have not been mutually agreeable to AID and CB, 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 grant to the Government of the Republic of the Philippines under subsection (c) of Section 104 of the Act, 20 percent of the Philippine pesos accruing pursuant to this agreement.

D. 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, including projects not heretofore included in plans of the Government of the Republic of the Philippines, as may be mutually agreed, 30 percent of the Philippine 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. In the event that agreement is not reached on the use of the Philippine pesos for loan purposes under Section 104 (g) of the Act 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 Government of the Republic of the Philippines will deposit to the account of the Government of the United States of America an amount of Philippine pesos equivalent to the dollar sales value of the commodities financed by the Government of the United States of America converted into Philippines pesos at the applicable rate of exchange in effect on the date of dollar disbursement by the Government of the United States of America.

- (a) If a unitary exchange rate system is maintained by the Government of the Republic of the Philippines, the applicable rate will be the rate at which the central monetary authority of the Republic of the Philippines or its authorized agent sells foreign exchange for Philippine pesos.
- (b) If a unitary exchange rate system is not maintained, the applicable rate will be the rate mutually agreed upon by the Government of the United States of America and the Government of the Republic of the Philippines.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Philippine pesos 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 pesos accruing to the Government of the United States of America under this agreement.

#### *Article IV*

##### GENERAL UNDERTAKINGS

1. The Government of the Republic of the Philippines 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 the Philippines 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 at Manila, in duplicate, this 23rd day of April 1965.

For the Government  
of the United States of America :

William MCC. BLAIR, Jr.  
Ambassador Extraordinary  
and Plenipotentiary  
of the United States of America

For the Government  
of the Republic of the Philippines :

Mauro MENDEZ  
Secretary of Foreign Affairs  
Republic of the Philippines

[SEAL]

## EXCHANGE OF NOTES

## I

*The American Ambassador to the Philippine Secretary of Foreign Affairs*

Manila, April 23, 1965

No. 730

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today 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 Governemet of the Republic of the Philippines agrees that in addition to the rice 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, including the United States of America, 240,000 metric tons of rice.

(2) With regard to paragraph 4 of Article IV of the Agreement, the Government of the Republic of the Philippines agrees to furnish quarterly the following information in connection with each shipment of commodities received under this 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 the Philippines 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 Philippines have not exported the same or like commodities to other nations and (c) a statement by the Government showing progress made toward fulfilling commitments on usual marketings.

The Government of the Republic of the Philippines 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 the agreement.

(3) The Government of the Republic of the Philippines 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 Philippine pesos: (a) for purposes of Section 104 (a) of the Act, \$251,400 worth or two percent of the Philippine pesos 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 \$350,000 worth of Philippine pesos to finance educational and cultural exchange programs and activities in other countries.

(4) It is understood that the rice included under the agreement is provided by the Government of the United States of America on the basis of assurances by the Government of the Republic of the Philippines that the Philippines will not decrease the total area devoted to rice production in the Philippines.

(5) The Government of the United States of America may utilize Philippine pesos in the Republic of the Philippines to pay for travel which is part of a trip in which the traveler travels from, to or through the Republic of the Philippines. 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 Philippine pesos may be utilized shall not be limited to services provided by the Republic of the Philippines' transportation facilities.

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

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

William McC. BLAIR, Jr.

His Excellency Mauro M. Mendez  
Secretary of Foreign Affairs  
Manila



## II

*The Philippine Secretary of Foreign Affairs to the American Ambassador*

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF PUBLIC AFFAIRS  
Office of the Secretary

28264

Manila, April 23, 1965

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note of today's date, which reads as follows :

[See note I]

I have the honor to confirm, on behalf of my Government, that the understanding stated in Your Excellency's note is also the understanding of my Government.

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

Mauro MENDEZ  
Secretary of Foreign Affairs

His Excellency William McCormick Blair, Jr.  
Ambassador Extraordinary and Plenipotentiary  
of the United States of America  
Manila