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No. 7604

**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 14 May 1964**

Official text: English.

Registered by the United States of America on 25 February 1965.

**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 14 mai 1964**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 25 février 1965.

No. 7604. 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 14 MAY 1964

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 authorizations and to the availability of the specified commodities under the Act

¹ Came into force on 14 May 1964, upon signature, in accordance with article VI.

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 commodity in the amount indicated :

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Rice, milled	\$ 9.9
Ocean transportation (est.)	1.5
TOTAL	\$11.4

2. Applications for purchase authorizations will be made immediately 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.

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 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 (s) of Section 104 of the Act, or under any of such subsections, 50 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, 15 percent of the Philippine peso 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 Philippine 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 of the Philippines (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 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 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 3 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 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, 35 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 3 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 Philippine pesos 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 Philippine pesos 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 the Philippines, or
- (b) if more than one legal rate for foreign exchange transactions exist, 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 the Philippines.

2. Any refunds of Philippine pesos which may become due under this agreement will be made by the Government of the United States of America from funds available under this agreement. Any refunds of Philippine pesos which may be due or become due under any prior agreement under the Act for which undisbursed funds are no longer available in the accounts of the United States' disbursing officer in the Republic of the Philippines will be made by the Government of the United States of America from funds available under this agreement. Any refunds of Philippine pesos which may be due or become due under this agreement more than 2 years from the effective date of this agreement may, in the event that any subsequent agreement or agreements should be signed by the two Governments under the Act, be made by the Government of the United States of America from funds available from the most recent agreement in effect at the time of the refund.

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 or 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 14th day of May, 1964.

For the Government
of the United States of America :

William E. STEVENSON
Ambassador Extraordinary and
Plenipotentiary of the United States
of America

For the Government
of the Republic of the Philippines :

Librado D. CAYCO
Acting Secretary of Foreign Affairs
of the Republic of the Philippines

[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Philippine Acting Secretary of Foreign Affairs

No. 909

Manila, May 14, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Sales Agreement signed today by representatives of our two Governments 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 the Philippines agrees that it will procure and import with its own resources from the United States of America and/or countries friendly to it at least 225,000 metric tons of rice during calendar year 1964 in addition to purchases under the terms of the sales agreement. If deliveries extend into a subsequent period, the level of usual marketing requirements for such period will be determined at the time the request for extension of deliveries is made.

(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 the 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 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.

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) 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.

(4) 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 pesos for purposes of section 104 (a) of the Act, \$228,000 or two percent of the pesos accruing under the agreement, whichever is greater, to finance agricultural market development activities in other countries; and for purposes of section 104 (h) of the Act and for purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to \$220,000 worth of pesos to finance educational and cultural exchange programs and activities in other countries.

(5) The Government of the United States of America may utilize Philippine pesos in the Republic of the Philippines to pay for international travel originating in the Republic of the Philippines, or originating outside the Republic of the Philippines when the travel (including connecting travel) is to or through the Republic of the Philippines, and for travel within the United States of America or other areas outside the Republic of the Philippines when the travel 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.

It is proposed that this note and your reply concurring therein shall constitute an agreement between our two Governments on this matter to enter into force on the date of your note in reply.

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

William E. STEVENSON

His Excellency Librado D. Cayco
Acting Secretary of Foreign Affairs
Manila

II

The Philippine Acting Secretary of Foreign Affairs to the American Ambassador

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FOREIGN AFFAIRS

Manila, May 14, 1964

Excellency :

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

[See note I]

I have further the honor to confirm the understanding stated in Your Excellency's Note on behalf of my Government.

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

Librado D. CAYCO
Acting Secretary of Foreign Affairs

His Excellency William E. Stevenson
Ambassador of the United States of America
Manila