

No. 8559

PHILIPPINES
and
UNITED STATES OF AMERICA

**Agricultural Commodities Agreement under Title IV of the
Agricultural Trade Development and Assistance Act, as
amended (with exchange of notes). Signed at Manila,
on 22 December 1966**

Official text: English.

Registered by the Philippines on 6 March 1967.

PHILIPPINES
et
ÉTATS-UNIS D'AMÉRIQUE

**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 Manille, le 22 décembre 1966**

Texte officiel anglais.

Enregistré par les Philippines le 6 mars 1967.

No. 8559. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
THE PHILIPPINES AND THE GOVERNMENT OF THE
UNITED STATES OF AMERICA UNDER TITLE IV OF
THE AGRICULTURAL TRADE DEVELOPMENT AND
ASSISTANCE ACT, AS AMENDED. SIGNED AT MANILA,
ON 22 DECEMBER 1966

The Government of the Republic of the Philippines and the Government of the United States of America :

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 the Philippines;

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 these 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 the Philippines under long-term supply and credit arrangements, the resources and manpower of the Republic of the Philippines 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 the Philippines 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 issuance by the Government of the United States of America and acceptance by the Government of the Republic of the Philippines of credit purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America

¹ Came into force on 22 December 1966, upon signature, in accordance with article V.

undertakes to finance, during the periods specified below, 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 the Philippines, 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 and/or Grain sorghums	U.S. Fiscal Year 1967	50,000 M.T.	3,054
Cotton	U.S. Fiscal Year 1967	82,000 Bales	8,991
Tobacco, unman.	U.S. Fiscal Year 1967	4,000 M.T.	7,055
Ocean transportation (estimated)			1,037
		TOTAL	20,137

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 may limit the amount of financing provided in the credit purchase authorizations, as price declines or other marketing factors may require, so that the quantities of commodities financed will not substantially exceed the above-specified approximate maximum quantities.

2. Applications for credit purchase authorizations will be made promptly after the effective date of this Agreement. Purchase authorizations will include provisions relating to the sale and delivery of the commodities and other relevant matters.

3. 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 the Philippines 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. The amount of the principal due for commodities delivered in each calendar year under this Agreement, including the applicable related ocean transportation costs, shall be made in 19 approximately equal annual payments, the first of which shall become due two years after the date of last delivery of commodities in any calendar year. Any annual payment may be made prior to the due date thereof.

3. Interest on the unpaid balance of the principal due the Government of the United States of America for commodities delivered in each calendar year shall begin on the date of last delivery of commodities in such calendar year and be paid annually beginning one year after such date of last delivery. The interest shall be computed at the rate of $3\frac{1}{2}$ percent per annum.

4. All payments shall be made in United States dollars and the Government of the Republic of the Philippines 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 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 the Philippines 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 (unless 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 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 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 sales and purchases of 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 of countries friendly to the United States of America.

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 the commodities, and information relating to imports and exports of the same or like 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 carried out pursuant to this Agreement.

Article V

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, Philippines, in duplicate, this 22nd day of December 1966.

For the Government
of the Republic of the Philippines :

Narciso RAMOS
Secretary
Department of Foreign Affairs
Republic of the Philippines

For the Government
of the United States of America :

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

EXCHANGE OF NOTES

I

EMBASSY OF THE UNITED STATES OF AMERICA

No. 523

Manila, December 22, 1966

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. With regard to paragraph 4 of Article III of the Agreement, the Government of the Republic of the Philippines agrees to furnish the following information quarterly in connection with each shipment received of commodities financed 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 the commodity was 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 re-export or transshipment of the commodities furnished, (b) assurances that the program has not resulted in the increased availability of the same or like commodities to other nations, and (c) a statement showing progress made toward fulfilling commitments on usual marketings. The Government of the Republic of the Philippines 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.

2. As agreed in conversations which have taken place between representatives of our two Governments, the Philippine pesos resulting from the sale of commodities financed under the agreement will be deposited by the Government of the Republic of the Philippines in a special account in the name of the Government of the Republic of the Philippines. Those Philippine pesos will be used by the Government of the Republic of the Philippines for economic and social development programs as may be mutually agreed upon by our two Governments, as follows :

(a) The Philippine pesos shall be used for specific purposes and projects in accordance with written mutual agreements concerning the allocation of these pesos.

(b) The allocations may not be modified except by written consent of the Government of the United States of America.

(c) The pesos will be administered and disbursed in accordance with project agreements, the form and content of which must be satisfactory to the Government of the United States of America.

3. Any Philippine pesos resulting from the sale in the Philippines of the commodities financed under the agreement which are loaned by the Government of the Republic of the Philippines to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the Philippines.

4. The Government of the Republic of the Philippines agrees to furnish the Government of the United States of America semi-annual reports showing the total Philippine pesos available to the Government of the Republic of the Philippines from the sale of commodities, a list of the projects being undertaken, and related information including the name and location of each project, the amount invested in it and its status of completion.

5. In expressing its agreement with the Government of the United States of America 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 nations, the Government of the Republic of the Philippines agrees : (a) that it will not permit the export of raw cotton, or corn or products of corn, or grain sorghums or products of grain sorghums, of either indigenous or foreign origin during United States fiscal year 1967; (b) that it will procure and import with its own resources from free world sources, including the United States of America, during United States fiscal year 1967 at least 10,000 metric tons of corn or grain sorghums; 1,600,000 pounds of unmanufactured tobacco, of which not less than 1,500,000 pounds shall be from the United States of America; and 139,000 bales of raw cotton of which not less than 101,000 bales shall be from the United States of America; and (c) that, should Philippine exports of cotton textiles be increased during United States fiscal year 1967 over 41,000,000 square yards equivalent, it will procure and import with its own resources from the United States of America an additional quantity of cotton at least equal to the raw cotton content of the increase in its textiles exports. Such imports will be in addition to those stated in item (b) above.

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

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

William McCORMICK BLAIR, Jr.

His Excellency Narciso Ramos
Secretary of Foreign Affairs
Manila

II

Manila, December 22, 1966

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.

Narciso RAMOS
Secretary of Foreign Affairs

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