

No. 8897

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**UNITED STATES OF AMERICA  
and  
INDONESIA**

**Agricultural Commodities Agreement under Title IV of the  
Agricultural Trade Development and Assistance Act, as  
amended (with exchange of notes). Signed at Washing-  
ton, on 30 September 1966**

*Official text: English.*

*Registered by the United States of America on 3 January 1968.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
INDONÉSIE**

**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 Washington, le 30 septembre  
1966**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 3 janvier 1968.*

No. 8897. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
STATES OF AMERICA AND THE GOVERNMENT OF  
THE REPUBLIC OF INDONESIA UNDER TITLE IV OF  
THE AGRICULTURAL TRADE DEVELOPMENT AND  
ASSISTANCE ACT, AS AMENDED. SIGNED AT WASH-  
INGTON, ON 30 SEPTEMBER 1966

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The Government of the United States of America and the Government of the Republic of Indonesia,

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 Indonesia;

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 Indonesia under long-term supply and credit arrangements, the resources and manpower of Indonesia 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 Indonesia 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 Indonesia of credit purchase authorizations and to the availability of commodities under the Act at

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<sup>1</sup> Came into force on 30 September 1966 by signature, in accordance with article V.

the time of exportation, the Government of the United States of America 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 Indonesia, of the following commodities :

<i>Commodity</i>	<i>Supply Period</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value to be Financed (thousands)</i>
Rice . . . . .	U.S. Fiscal year 1967	50,000 MT	\$7, 661
Cotton <sup>a</sup> . . . . .	U.S. Fiscal year 1967	75,000 bales	8, 112
Cotton <sup>b</sup> . . . . .	U.S. Fiscal year 1967	75,000 bales	8, 112
Ocean transportation (estimated) . . . . .			2, 474
TOTAL			\$26, 359

<sup>a</sup> For domestic processing in Indonesia.

<sup>b</sup> For processing in a country other than Indonesia.

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 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 Indonesia 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 such calendar year. Subsequent annual payments shall become due at intervals of one year thereafter. 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 from the date of last delivery. The interest shall be computed at the rate of 1 percent per annum for the period beginning with the date of last delivery in each calendar year and ending on the due date of the first annual payment of principal for deliveries in each calendar year and at the rate of  $2\frac{1}{2}\%$  thereafter.

4. All payments shall be made in United States dollars and the Government of the Republic of Indonesia 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 onboard 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 Indonesia 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 in the specified supply periods or any subsequent specified supply periods in 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 this Agreement will not displace usual marketings of the United States of America in those 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 Indonesia will furnish quarterly information on the progress of the program, particularly with respect to the arrival and condition of the commodities and provisions for the maintenance of usual marketings, 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 Washington, in duplicate, this thirtieth day of September, 1966.

For the Government of the United States of America :

William P. BUNDY

For the Government of the Republic of Indonesia :

L. N. PALAR

## EXCHANGE OF NOTES

### I

*The Acting Secretary of State to the Indonesian Ambassador*

DEPARTMENT OF STATE

Washington, September 30, 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 Indonesia agrees to furnish the following information quarterly 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 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 Indonesia agrees to furnish quarterly : (a) a statement of measures it has taken to prevent the re-export or transshipment of the commodities furnished, and (b) assurances that the program has not resulted in the increased availability of the same or like commodities to other nations. The Government of the Republic of Indonesia 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 rupiah resulting from the sale of commodities financed under the Agreement will be deposited by the Government of the Republic of Indonesia in a

special account in the name of the Government of the Republic of Indonesia and will be used by the Government of the Republic of Indonesia for economic and social development programs as may be mutually agreed upon by our two Governments.

3. Any rupiah resulting from the sale in Indonesia of the commodities financed under the Agreement which are loaned by the Government of the Republic of Indonesia to private or nongovernmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in Indonesia.

4. The Government of the Republic of Indonesia agrees to furnish the Government of the United States of America, upon request, reports showing the total rupiah available to the Government of the Republic of Indonesia from the sale of the 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. If the cotton purchased under the Agreement is processed into textiles in a country other than Indonesia, the Government of the Republic of Indonesia agrees to furnish the Government of the United States of America a copy of the cotton textiles processing contract in addition to a customs entry certificate for the raw cotton entering the processing country; a copy of the letter of credit opened in the country in which the cotton textiles processing is to take place; and a copy of the bill of lading from the country producing the textiles.

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

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

For the Acting Secretary of State :

William P. BUNDY

His Excellency Lambertus N. Palar  
Ambassador of the Republic of Indonesia

## II

*The Indonesian Ambassador to the Acting Secretary of State*

Washington, September 30, 1966

Sir :

I have the honor to acknowledge the receipt of your note of this date referring to the Agricultural Commodities Agreement between our two Governments signed today and informing me of the understanding of the Government of the United States of America with respect to certain matters related to the Agreement.

I have the honor to confirm that the understanding set forth in your note is also the understanding of the Government of the Republic of Indonesia.

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

L. N. PALAR

The Honorable George W. Ball  
Acting Secretary of State  
of the United States of America