

No. 10453

**UNITED STATES OF AMERICA
and
INDONESIA**

**Supplementary Agreement for sales of agricultural
commodities (with annex). Signed at Djakarta on
17 November 1969**

Authentic text: English.

Registered by the United States of America on 1 May 1970.

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

**Accord supplémentaire relatif à la vente de produits
agricoles (avec annexe). Signé à Djakarta le
17 novembre 1969**

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} mai 1970.

SUPPLEMENTARY AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Republic of Indonesia, as the Eighth Supplement to the Agreement for Sales of Agricultural Commodities between the two Governments signed on September 15, 1967² (hereinafter referred to as the September Agreement), have agreed to the sales of commodities specified below. This supplementary agreement shall consist of the Preamble, Parts I and III, and the Convertible Local Currency Credit Annex of the September Agreement, together with the following Part II.

PART II

PARTICULAR PROVISIONS

Item I. Commodity Table

<i>Commodity</i>	<i>Supply Period (calendar years)</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value</i>
Rice	1969/70	150,000 MT	\$ 25,200,000
Wheat Flour	1969/70	150,000 MT	13,500,000
Raw Cotton	1969/70	120,000 Bales	15,600,000
			US \$ 54,300,000

Item II. Payment Terms

Convertible Local Currency Credit

1. Initial Payment—None
2. Number of Installment Payments—31

¹ Came into force on 17 November 1969 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 693, p. 87.

3. Amount of each Installment Payment—Approximately equal annual amounts
4. Due date of First Installment Payment — 10 years after date of last delivery of commodities in each calendar year
5. Initial Interest Rate—2 percent
6. Continuing Interest Rate—3 percent

Item III. Usual Marketings: None

Item IV. Export Limitations

A. With regard to each commodity financed under this agreement, the export limitation period for the same or like commodities shall be the period beginning on the date of this agreement and ending on the final date on which the commodity financed under this agreement is imported and utilized.

B. For the purpose of Part I, Article III. A. 3. of the agreement, the commodities considered to be the same as, or like, the commodities imported under this agreement are for rice, rice in the form of paddy, brown or milled rice; for cotton, raw cotton, cotton yarn and/or cotton textiles except batiks and similar handicraft products; and for wheat, wheat flour, bulgur and wheat products.

Item V. Self-Help Measures

The Government of Indonesia accords its highest national priority to increasing production in the agricultural sector. The Government's Five Year Development Plan calls for a concerted effort to increase productivity by providing better technology to the farmers, better storage facilities, better transport methods, and by adopting sound Government food purchasing policies. The Government of Indonesia is especially interested to see that the farmers are given sufficient incentives to increase production, while at the same time maintaining reasonably small movements in urban food prices. This transformation of the agricultural sector can be achieved only through careful planning and efficient allocation of resources.

Toward these ends, the Government of Indonesia intends to implement the following policies:

A. Procurement and Prices:

The Government will make every effort to maintain the price of rice to the farmer at levels sufficient to encourage farmers to use optimum quanti-

ties or fertilizer, pesticides, and high-yielding varieties of seed. 1970/71 domestic rice procurement and sales by the Government will be adjusted to changes in the price and supply situation to help maintain adequate incentive prices to producers. Maximum efforts will be made to eliminate barriers to the free movement of agricultural products from region to region.

The Ministry of Agriculture will design and place in operation a unified "producer price reporting system" which will provide authorities in Djakarta with biweekly prices of stalk paddy and brown rice at the sub-district (Ketjamatan) level in all major rice-producing areas reported to Djakarta monthly. When this system is functioning, the Ministry of Agriculture will seek the means to disseminate reports on farm level prices to all farmers in major rice-producing areas.

The Government will immediately implement a plan to permit rice prices in urban areas to conform generally with world market levels, allowing for normal seasonal variations, and taking into account required farm production incentives.

The Government will make strong efforts to encourage the diversification of production, and/or consumption of nutritious food products, including wheat products. Wheat products imported under Government sponsored programs will be sold at uniform port prices and at levels which are consistent with rice policy goals.

B. Production Programs:

The Ministry of Agriculture will assure that fertilizers, pesticides and high-yielding varieties of seed are available at the farm level at the time they are needed. As a first step toward rapidly expanding the application of agricultural inputs, targets for the use, production and import of fertilizer and pesticides will be prepared. The Government will develop and implement a comprehensive plan to meet these targets. In addition to improving the efficiency of such distribution through Government channels, every effort will be made to encourage private sector participation in the distribution and sale of fertilizer and pesticides.

The Government is continuing to provide increased budget and administrative support to programs emphasizing the multiplication and distribution of high-yielding seed varieties.

C. Storage and Marketing:

The Government will establish uniform national standards for grading milled rice, will utilize such standards in all of its trading, and will encourage

all those engaged in milling, storing and trading rice to adopt the use of these standards.

The Government intends to take all necessary measures to minimize possible losses in handling and storage of wheat products and rice.

Item VI. Economic Development Purposes for which Proceeds Accruing to Importing Country are to be Used

A. All rupiah proceeds are to be allocated to the Development Budget, for the self-help measures in Item V, and such other economic development purposes as may subsequently be agreed upon.

B. At the end of the Indonesian fiscal year, or more often if necessary, a listing of specific projects arranged by sector will be prepared which will show the amount of rupiahs allocated to each project, the total amount of rupiahs allocated to each sector, and the percentage the latter constitutes of the whole. When the Government of the United States has expressed concurrence in the intended allocation, funds will be transferred to the Development Budget.

Item VII. Other Provisions

Ocean Transportation: The Government of the exporting country shall bear the cost of ocean freight differential for commodities it requires to be carried in United States flag vessels but, notwithstanding the provisions of paragraph 1 of the Convertible Local Currency Credit Annex, it shall not finance the balance of the cost of ocean transportation of such commodities.

IN WITNESS WHEREOF, the respective representatives, duly authorized for this purpose, have signed the present agreement.

DONE at Djakarta, in duplicate, this 17th day of November, nineteen hundred and sixty-nine.

For the Government
of the United States of America:

[*Illegible — Illisible*] ¹

For the Government
of the Republic of Indonesia:

[*Illegible — Illisible*] ²

¹ F. J. Galbraith.

² Oemar Seno Adji.