

No. 11272

**UNITED STATES OF AMERICA
and
PHILIPPINES**

**Agreement for sales of agricultural commodities (with annex).
Signed at Manila on 16 April 1971**

Authentic text: English.

Registered by the United States of America on 4 August 1971

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

**Accord relatif à la vente de produits agricoles (avec annexe).
Signé à Manille le 16 avril 1971**

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 4 août 1971.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE
UNITED STATES OF AMERICA AND THE GOVERN-
MENT OF THE REPUBLIC OF THE PHILIPPINES FOR
SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Republic of the Philippines have agreed to the sale of agricultural commodities specified below. This agreement shall consist of the Preamble and Parts I and III of the March 24, 1970 agreement,² together with the attached Convertible Local Currency Credit Annex and the following Part II:

PART II

PARTICULAR PROVISIONS

Item I. Commodity Table:

<i>Commodity</i>	<i>Supply Period (Calendar Year)</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (1,000)</i>
Cotton	1971	145,000 bales	\$18,415
Tobacco	1971	1,000 MT	1,874
		TOTAL	\$20,289

Item II. Payment Terms:

Convertible Local Currency Credit

1. Initial Payment — none.
2. Currency Use Payment — 20 percent of the dollar amount of the financing by the Government of the exporting country under this agreement is payable upon demand by the Government of the exporting country in accordance with paragraph 6 of the Convertible Local

¹ Came into force on 16 April 1971 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 745, p. 151.

Currency Credit Annex applicable to this Agreement and on the following basis: two equal installments, the first installment to be paid on December 31, 1971 and the second installment to be paid on June 30, 1972. No requests for payment will be made by the Government of the exporting country prior to the first disbursement by the Commodity Credit Corporation under this agreement.

3. Number of Installment Payments — 16.
4. Amount of Each Installment Payment — approximately equal annual amounts.
5. Due Date of First Installment Payment — five years from date of last delivery in any calendar year.
6. Initial Interest Rate — 2 percent.
7. Continuing Interest Rate — 3 percent.

Item III. Usual Marketing Requirement: None.

Item IV. Export Limitations:

A. The export limitation period with respect to each commodity financed under this agreement for commodities the same as, or like, the commodities financed under this agreement shall be the period beginning on the date of this agreement and ending on the terminal date of the supply period during which any of the relevant commodities are imported.

B. For the purposes of Part I, Article III A. 3, of the agreement, the commodities considered to be the same as, or like, the commodities financed under this agreement are: for cotton-raw cotton and cotton textiles.

C. The Government of the Philippines agrees should Philippine exports of cotton textiles be increased during United States calendar year 1971 or any such subsequent supply period during which cotton is being imported or utilized, to over 41 million square yards, 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 such increase in its textile exports.

Item V. Self-Help:

The Government of the Philippines continues to accord high priority to increasing agricultural production and improving marketing. Among the principal areas to be emphasized are the following:

1. The Government of the Philippines will make every effort to assure that credit needs of small farmers, particularly in designated land reform areas, are satisfied. Short term as well as medium and long term credit will be provided at reasonable interest rates.

2. The Government of the Philippines intends to focus priority attention to the establishment of a rational and comprehensive water development policy. The policy will insure that major efforts of government agencies are fully coordinated and directed to meeting the needs of the agricultural sector to the fullest extent and in the most efficient manner possible. Within this overall context the Government of the Philippines intends to give adequate attention to irrigation needs to insure success of the new multi-cropping emphasis outlined in the agricultural four-year plan.

3. In view of achievement of self-sufficiency in rice production, the Government of the Philippines intends to refocus a major portion of its efforts to upgrading adaptive agricultural research capabilities and to the development of new packages of technology for food and feedgrain crops other than rice.

4. The Government of the Philippines will give increased attention to the improvement and development of processing, marketing, and distribution systems for rice, feedgrains, fish, meat and meat products.

5. The Government of the Philippines agrees to give continuing attention and support to ongoing programs to reduce population growth rate, render maximum support to encouragement of continued initiatives by non-government Philippine organizations, expansion of Government of the Philippines' efforts to obtain assistance from other donor organizations and nations, and priority attention to the introduction of legislation which will provide a continuous source of local financial support for family planning programs.

6. In order to further accelerate agricultural and rural development, the Government of the Philippines will allocate an agreed percentage of the proceeds of this agreement for the implementation of a program designed to bring electrification to the rural areas of the Philippines. In order to facilitate such a program, the Government of the Philippines will develop a Comprehensive National Electrification Plan which would delineate the requirements and programs for the power sector including generation, transmission and distribution projects along with the proposed financial plan for implementing this program.

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

For the purposes specified in Item V and for other economic development purposes as may be mutually agreed upon.

Item VII. Ocean Freight Financing:

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.

Item VIII. Other Provisions:

1. The currency use payment under Part II, Item II 2 of this agreement shall be credited against (a) the amount of the each year's interest payment due during the period prior to the due date of the first installment payment, starting with the first year, plus (b) the combined payments of principal and interest starting with the first installment payment, until value of the currency use payment has been offset.

2. Notwithstanding paragraph 4 of the Convertible Local Currency Credit Annex, the Government of the importing country may withhold from deposit in the special account referred to in such paragraph or may withdraw from amounts deposited therein so much of the proceeds accruing to it from the sale of commodities financed under this agreement as is equal to the amount of the currency use payments made by the Government of the importing country.

3. With reference to paragraph 4 of the Convertible Local Currency Credit Annex, the Government of the importing country may make deposits of proceeds from the sale of commodities included in Item I above within one year from the sale of the commodities within the importing country.

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

DONE at Manila, in duplicate, this 16th day of April 1971.

For the Government
of the United States of America:
HENRY A. BYROADE

For the Government
of the Republic of the Philippines:
CARLOS P. ROMULO

CONVERTIBLE LOCAL CURRENCY CREDIT ANNEX TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FOR SALES OF AGRICULTURAL COMMODITIES

The following provisions apply with respect to the sales of commodities financed on convertible local currency credit terms:

1. In addition to bearing the cost of ocean freight differential as provided in Part I, Article I F, of this agreement, the Government of the exporting country will finance on credit terms the balance of the costs for ocean transportation of those commodities that are required to be carried in United States flag vessels. The amount for ocean transportation (estimated) included in any commodity table specifying credit terms does not include the ocean freight differential to be borne by the Government of the exporting country and is only an estimate of the amount that will be necessary to cover the ocean transportation costs to be financed on credit terms by the Government of the exporting country. If this estimate is not sufficient to cover these costs, additional financing on credit terms shall be provided by the Government of the exporting country to cover them.

2. With respect to commodities delivered in each calendar year, the principal of the credit (hereinafter referred to as principal) will consist of:

- a. The dollar amount disbursed by the Government of the exporting country for the commodities (not including any ocean transportation costs) less any portion of the initial payment payable to the Government of the exporting country, and
- b. The ocean transportation costs financed by the Government of the exporting country in accordance with paragraph 1 of this annex (but not the ocean freight differential).

This principal shall be paid in accordance with the payment schedule in Part II of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of principal may be made prior to its due date.

3. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year under this agreement shall begin on the date of dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in such calendar year, except that if the installment payments for these commodities are not due on some anniversary of such date of last

delivery, any such interest accrued on the due date of the first installment payment shall be due on the same date as the first installment and thereafter such interest shall be paid on the due dates of the subsequent installment payments. For the period from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rate specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

4. The Government of the importing country shall deposit the proceeds accruing to it from the sale of commodities financed under this agreement (upon the sale of the commodities within the importing country) in a special account in its name that will be used for the sole purpose of holding the proceeds covered by this paragraph. Withdrawals from this account shall be made for the economic development purposes specified in Part II of this agreement in accordance with procedures mutually satisfactory to the two Governments. The total amount deposited under this paragraph shall not be less than the local currency equivalent of the dollar disbursement by the Government of the exporting country in connection with the financing of the commodities including the related ocean transportation costs other than the ocean freight differential. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the Government of the importing country to private or nongovernmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish, in such form and at such times as may be requested by the Government of the exporting country, but not less frequently than on an annual basis, reports containing relevant information concerning the accumulation and use of these proceeds including information concerning the programs for which these proceeds are used, and, when the proceeds are used for loans, the prevailing rate of interest for comparable loans in the importing country.

5. The computation of the initial payment under Part I, Article II, A of this agreement and all computations of principal and interest under numbered paragraphs 2 and 3 of this annex shall be made in United States dollars.

6. All payments shall be in United States dollars or, if the Government of the exporting country so elects,

a. The payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III, G of this agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted

to United States dollars at the same rate, or used by the Government of the exporting country for payment of its obligations in the importing country, or

- b. The payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the Government of the exporting country for payment of its obligations.
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