

**No. 11504**

---

**UNITED STATES OF AMERICA  
and  
INDONESIA**

**Agreement for sales of agricultural commodities (with annex).  
Signed at Djakarta on 7 August 1971**

*Authentic text: English.*

*Registered by the United States of America on 5 January 1972.*

---

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

**Accord relatif à la vente de produits agricoles (avec annexe).  
Signé à Djakarta le 7 août 1971**

*Texte authentique: anglais.*

*Enregistré par les États-Unis d'Amérique le 5 janvier 1972.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA AND THE GOVERN-  
MENT 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 have agreed to the sales of the agricultural commodity specified below. This Agreement shall consist of the Preamble, Parts I and III, and the Convertible Local Currency Credit Annex of the September 15, 1967 Agreement<sup>2</sup> and the following Part II:

PART II  
PARTICULAR PROVISIONS

*Item I.* Commodity Table:

<i>Commodity</i>	<i>Supply Period (United States Calendar Year)</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value (Millions)</i>
Rice . . . . .	1971	350,000	\$59.1

*Item II.* Payment Terms

Convertible Local Currency Credit

1. Initial Payment — None
2. Currency Use Payment — None
3. Number of Installment Payments — 31
4. Amount of Each Installment Payment — approximately equal annual amounts.
5. Due Date of First Installment Payment — ten years after date of last delivery of commodities in each calendar year.
6. Initial Interest Rate — 2 percent
7. Continuing Interest Rate — 3 percent

*Item III.* Usual Marketing Requirements: None

<sup>1</sup> Came into force on 7 August 1971 by signature, in accordance with part III (B).

<sup>2</sup> United Nations, *Treaty Series*, vol. 693, p. 87.

*Item IV. Export Limitations:*

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

B. For the purposes of Part I, Article III A 3, of the agreement, commodities considered to be same as, or like, the commodity imported under this agreement are for rice: rice and rice products.

*Item V. Self-Help Measures:*

The Government of the Republic of Indonesia accords its highest national priority to increasing production in the agricultural sector. The Government's Five Year Plan calls for a concerted effort to increase productivity by providing better technology to the farmers and providing economic incentives for their adoption through the growth of modern marketing facilities. Specifically, it intends to provide better storage facilities, better transport methods, and to adopt sound government food purchasing policies. The Government of Indonesia is especially interested to see that farmers are given sufficient incentives to increase production, while at the same time limiting retail price movements to levels consistent with continuing overall price stability.

Towards these ends, the Government of Indonesia intends to take the following actions:

1. *Procurement and Prices:*

The Government will continue to maintain the price of rice to the farmer at levels sufficient to encourage farmers to use optimum quantities of fertilizer, pesticides, and high yielding varieties of seed. The domestic rice procurement and sales program operated by the Government will be conducted so as to adjust to changes in the price and supply situation to help maintain adequate incentives to producers. Maximum effort will be made to eliminate barriers to the free movement of agricultural products from region to region. Subsidies for competing foodstuffs will take into account the need for producer incentive prices as well as the goal of price stabilization. Other measures will be introduced to facilitate the development of domestic rice trade, including the private sector. Such measures should include: (a) the establishment of published standards for grading milled rice to be used in all government rice trading, and all non-government organizations, and private citizens

engaged in milling, storing and trading rice will be encouraged to adopt these standards; (b) the continued operation and improvement of a unified system of reporting prices of stalk paddy and brown rice received by rice producers at the subdistrict (Katjamatan) level in all major rice producing areas, which will be disseminated in such form as to be available to all farmers in major rice producing areas and all interested offices in Djakarta; and (c) provide and encourage the use of credit by the private sector to expand and improve storage and milling facilities.

2. *Availability of Production Inputs:*

The Government of Indonesia will assure that fertilizer, 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. These targets will be based on actual experience with inputs distribution in the preceding year. The Government will develop a comprehensive plan to meet these targets. As part of this program, efforts will be made to encourage private sector participation in the distribution and sale of production inputs.

In support of this effort, the Government will develop a coordinated national rice research program to adapt available basic research to Indonesian conditions.

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

For the economic development purposes specified in Item V (Self-Help Measures) and for such other economic development purposes as may be mutually agreed upon.

*Item VII. Other Provisions:*

The Government of the exporting country shall bear the cost of ocean freight differential for the 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 the purpose, have signed the present agreement.

DONE at Djakarta, in duplicate, this 7th day of August, 1971.

For the Government  
of the United States of America :

LEWIS M. PURNELL

For the Government  
of the Republic of Indonesia :

ADAM MALIK

---