

No. 12835

**UNITED STATES OF AMERICA
and
INDONESIA**

**Agreement for sales of agricultural commodities (with
agreed minutes). Signed at Djakarta on 14 February
1973**

Authentic text: English.

Registered by the United States of America on 21 November 1973.

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

**Accord relatif à la vente de produits agricoles (avec
procès-verbal approuvé). Signé à Djakarta le 14 février
1973**

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 21 novembre 1973.

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 have agreed to the sales of the agricultural commodities 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 Agreement² 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</i>	<i>Maximum Export Market Value (Millions)</i>
Wheat/Wheat Flour (wheat basis)	1973	300,000 MT	\$26.2
Bulgur	1973	50,000 MT	6.0
Cotton	1973	275,000 Bales	44.1
		TOTAL	\$76.3

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.

Item IV. Export Limitations:

A. With respect to the commodities 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 relevant commodities financed under this Agreement are being imported and utilized.

¹ Came into force on 14 February 1973 by signature, in accordance with part III (B).

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

B. For the purpose of part I, article III A 3 of the Agreement, commodities considered to be same as, or like, commodities imported under this Agreement are: for wheat/wheat flour and bulgur—wheat, wheat flour, rolled wheat, semolina, farina and bulgur (or same product under a different name): for cotton—raw cotton, cotton yarn and/or cotton textiles except batiks and similar handicraft products.

Item V. Self-Help Measures:

The Government of Indonesia continues to accord its highest national priority to increasing production in the agricultural sector. Substantial progress has been made under the Five-Year Development Plan in increasing the production of rice by providing better technology to farmers and providing economic incentives for their adoption. To consolidate the gains realized, to assure continuation of progress and anticipating the time when the production of rice will be sufficient for the country's needs, the GOI intends:

- A. To continue (1) policies and activities to maintain adequate incentives to the farmers to use new production technology, (2) measures to improve marketing and (3) efforts to assure availability of production inputs at the farm level.
- B. To make a comprehensive analysis of the agricultural sector of the Indonesian economy to identify present and future problems, the major constraints to agricultural production, the areas in which assistance from foreign donors might be applied, the market potentials of alternative commodities, and the policy and organization changes needed.
- C. To promote crop diversification as a means of increasing farm income and lessening the risks inherent in the cultivation of a single crop, by such means as applied research, improvement in availability of required production inputs and adequate incentives.
- D. To take steps to improve the quality of the diet of the Indonesian people by raising the level of protein consumed.
- E. To investigate and approve for use agricultural chemicals effective in controlling pests and diseases to which high-yielding rice varieties are particularly susceptible.
- F. To continue to evaluate the level of subsidies for PL-480 commodities.

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 Jakarta, in duplicate, this 14th day of February, 1973.

For the Government
of the United States of America:
F. J. GALBRAITH

For the Government
of the Republic of Indonesia:
ADAM MALIK

AGREED MINUTES

The following minutes of negotiation of the PL-480 Agreement of February 14, 1973, are agreed upon by the representatives of the signatory Governments:

1. It is understood that the agreed minute on self-help which was signed on September 14, 1967, pertaining to the termination provision of Public Law 480 applies equally to this Agreement.

2. In compliance with the provisions of article III, I of the PL-480 Agreement of September 15, 1967, the Government of Indonesia agrees to give publicity to the provisions of this Agreement by issuing suitable press releases at the time of signing and at the time of issuance of each purchase authorization applied for under this Agreement.

3. The attention of the Representatives of the Government of Indonesia has been called to the provisions of part II, item IV, specifically to the applicable commodity-type and time period restrictions.

4. The Government of Indonesia agrees that the United States will be permitted to compete for a fair share of any increase in commercial purchases of agricultural commodities by Indonesia.

5. This Agreement contains no usual marketing requirements. However, in the event commercial purchases of wheat/wheat flour, cotton, or bulgur are made by the Government of Indonesia during the effective period of this Agreement, the United States will be given a fair chance to compete for sales.

6. The Representatives of the Government of Indonesia understand that all provisions of the Convertible Local Currency Annex, with the exception of paragraph 1 thereof, apply to this Agreement.

7. The Representatives of the Government of Indonesia understand that certain reports are required in connection with the Agreement of September 15, 1967, and this Agreement, on the arrival and disposition of commodities, the use of sales proceeds, progress in agricultural self-help and the allocation of rupiahs generated by the Agreement. The Representatives of the Government of Indonesia will make appropriate arrangements to:

- a. furnish the Embassy of the United States of America a report by the fifteenth of January, April, July and October covering information referred to in paragraphs 1, 2, 3 and 4 of paragraph D, article III of the Agreement;
- b. return completed "arriving and shipping information" (ADP Sheets) with appropriate notations certifying receipt of all commodities as soon as possible, but not later than 30 days from the date of unloading or 30 days from the receipt of the ADP Sheets, whichever is later;
- c. submit reports on progress of agricultural self-help by September 15.

8. The Government of Indonesia understands that if it engages the services of a U.S. person or firm as its agent to handle the procurement of a commodity and/or ocean transportation, such agent must be approved by the United States Department of Agriculture. A copy of the written agreement between the Government of Indonesia and

the U.S. agent must be submitted to the United States Department of Agriculture for prior approval to the issuance of the applicable purchase authorization.

9. The Government of Indonesia will take effective steps to reduce losses connected with the handling and storage of PL-480 commodities; will enforce strict accountability for the commodities until they are in the hands of the private trade; and, in case of damage or loss attributable to the ocean carrier, will make and vigorously follow up claims for reimbursement for such damage or loss.

10. The representatives of the Government of Indonesia understand that the following limitations apply to the delivery of wheat, bulgur and cotton:

Wheat: Although it is the intention of the United States Government to finance shipments of up to 100,000 MT of wheat during the first half of CY 1973, the effect of recent price increases is under review and may require the shipment of less than 100,000 MT during this period.

Bulgur: Any bulgur lifted from the United States prior to July 1, 1973, will have the impact of reducing the 100,000 MT of wheat referred to in the preceding paragraph by a like amount.

Cotton: Only 75,000 bales of cotton (export market value: \$12 million) are available for delivery during the first half of CY 1973.

11. In addition to the specific delivery restrictions noted in the preceding minute, the representatives of the Government of Indonesia understand that, because of possible limitations on PL-480 expenditures and commodity availability from the 1973 crop, it may become necessary to withhold some shipments during the supply period or possibly carry over shipments into the next supply period.

DONE at Jakarta on this 14th day of February, 1973.

United States of America:
JEROME M. KUHL

Republic of Indonesia:
ACHMAD TIRTOSUDIRO