

No. 17208

**UNITED STATES OF AMERICA
and
PHILIPPINES**

**Agreement relating to the transfer of agricultural commodities. Signed at Manila on 4 and 7 January 1977
Agreement amending the above-mentioned Agreement.
Signed at Manila on 25 May and 6 June 1977**

Authentic texts: English.

Registered by the United States of America on 24 November 1978.

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

**Accord relatif au transfert de produits agricoles. Signé à
Manille les 4 et 7 janvier 1977
Accord modifiant l'Accord susmentionné. Signé à Manille
les 25 mai et 6 juin 1977**

Textes authentiques : anglais.

Enregistrés par les États-Unis d'Amérique le 24 novembre 1978.

AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE PHILIPPINES RELATING TO THE TRANSFER OF AGRICULTURAL COMMODITIES

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID/PHILIPPINES
APO SAN FRANCISCO

TRANSFER AUTHORIZATION

Program classification: Section 206

AID No. 492-022-2040-000-7613

Program approval date: August 16, 1976

Executive Vice President
Commodity Credit Corporation
U.S. Department of Agriculture
Washington, D.C.

Program title: Nutrition, Agriculture, Rural
Development Projects

In accordance with the provisions of Title II, PL 480 (as amended), Section 2 of Executive Order 10900, State Department Delegation Order No. 104 effective September 30, 1961, the Commodity Credit Corporation is hereby authorized to transfer and deliver Non-Fat Dry Milk (NFDM) to the Government of the Philippines (GOP) in an amount not to exceed \$16,570,000, pursuant to the following instructions:

1. *Quantity (metric tons not to exceed)*

<i>Previous total</i>	<i>Increase</i>	<i>Decrease</i>	<i>Total to date</i>
0	10,000	0	10,000

2. *Commodity Authorized*

<i>Code</i>	<i>Commodity</i>	<i>Amount (metric tons)</i>	<i>CCC value \$</i>	<i>Export market value \$</i>
022.2040	NFDM	10,000	16,570,000	

3. *Estimated U.S. Government ocean transportation costs:* \$1,100,000

4. *Commodity specifications.* Vitaminized with A and D and packed in a five-ply, moisture-resistant bags of 50 pounds net each.

5. *Shipping instructions.* A. Delivery schedule: Three or more shipments, the first to depart U.S. on or about October 1st 1976; subsequent shipments to depart from U.S. not later than eight months after first shipment. Specific shipment quantities and dates to be determined.

B. Discharge port: Manila.

C. Consignee: National Economic and Development Authority (NEDA) Government of the Philippines, Manila, Philippines.

¹ Came into force on 7 January 1977 by signature.

D. Copies of bills of lading to be sent as follows:

- (1) First original and one copy by international airmail to consignee.
- (2) After ship's loading, second original and one copy of consignee accompanying cargo.
- (3) Third original and two copies to A.I.D. Transportation and Support Division, Office of Commodity Management, Washington, D.C. 20523, Attn: R. E. James.
- (4) Original and one copy to USAID/Philippines, APO San Francisco 96528.

E. Inspection: To be surveyed for quantity and condition on board vessel at hatch opening in Manila and during discharge in Manila by an independent Marine Survey Company to be mutually agreed upon by NEDA and USAID/Philippines.

F. Transportation: (1) The U.S. Government will be responsible for all costs incurred in the procurement, inspection and delivery of the commodity authorized herein F.A.S. vessel at designated U.S. ports and will be responsible for arranging ocean transportation and payment of ocean freight.

(2) All actual ocean transportation expenditures under this program, regardless of estimate shown above, are to be charged to Blanket Freight Transfer Authorization No. 935-9500-000-6899. An individual Ocean Freight Transfer Authorization will not be issued.

6. *Program objectives, use of commodity and conditions of transfer.* The energy crisis and multiple increases in world prices from oil and petroleum-based products since 1973 have precipitated an adverse balance-of-payments in the Philippines. The Philippines trade deficit for 1975 was about \$1.2 billion. This is impacting seriously on the availability of Philippine financing for basic social and economic development projects for the poor majority of Filipinos. These projects are of common interest with U.S. AID program objectives. To help the GOP continue and expand some of its basic activities in nutrition, rural development and agriculture which directly improve the lives of lowest income Filipinos, the United States Government (USG) thru USAID/Philippines, will make available to the GOP, under the provisions of Section 206 of Title II of Public Law 480, 10,000 MT of NFD. This NFD will be sold in the Philippines and the gross Peso proceeds will be deposited in a special account for financing basic social and economic development activities mutually agreed by the GOP, as represented by the National Economic and Development Authority (NEDA), and the USG as represented by its Agency for International Development Mission to the Philippines (USAID).

A secondary purpose of this NFD Grant is to stimulate local milk consumption and to make it widely available to low income persons as a nutritional supplement.

7. *Import and export conditions.* Recognizing the need to take reasonable precautions to assure that the NFD furnished under this program will not displace or interfere with sales which might otherwise be made, the GOP hereby acknowledges a usual marketing requirement (UMR) of 37,400 MT NFD for the period CY 1976.

In this connection, it is understood that:

- (a) This UMR (37,400 MT) is presumed to be the minimum quantity that would be imported through normal commercial channels in the absence of NFDm provided during CY 1976 under PL 480, Title II.
- (b) UMR imports are to be financed by the GOP from its own resources (i.e. not including AID Loans or Grants).
- (c) UMR imports shall be procured by the GOP from the U.S. or other free world countries.
- (d) If USG authorizes deliveries under this program to extend beyond CY 1976, the GOP shall maintain UMR imports at the same level (37,400 MT per 12 months) for a subsequent comparable period. If a UMR different from that established in this agreement is considered appropriate, the agreement will be amended.

In addition to any other reports agreed upon by the two governments, the GOP shall furnish at least quarterly for CY 1976 or subsequent periods a statement showing progress made toward fulfilling the UMR. Data shall be provided via the Agricultural Attaché in the U.S. Embassy, Manila.

With respect to exports it is understood that:

The GOP will not export NFDm during CY 1976 or any subsequent calendar year during which the NFDm financed under this Agreement is being imported or sold to processors.

8. *Plan of action and responsibilities.* The 10,000 MT of NFDm will be shipped by the USG to the Port of Manila in several shipments during CY 1976 and CY 1977. NEDA will make arrangements to have this NFDm sold at best available local market prices prior to its arrival in the Philippines so that the local buyers will take delivery from ocean carriers ex-negotiable bill of lading(s). NEDA will also insure that its sales arrangements for this NFDm will be within Gatt terms for this commodity.

NEDA will make arrangements to have all duties and taxes waived on the import of this NFDm. Sales Agreement(s) will state general specifications of the NFDm and quantity as indicated on the bill of lading(s). Purchaser(s) will be liable for payment of quantity(ies) received ex-ships tackle in accordance with quantity(ies) and condition(s) as determined by independent surveyor. NEDA will be responsible for filing any ocean carrier claims.

Payment for this NFDm should be in cash or by Manager Check or by irrevocable domestic letters of credit to be established by the Philippine National Bank (PNB) under such terms and conditions as are acceptable to NEDA. A special account bearing the maximum interest available will be established in the Philippine National Bank in the name of NEDA-USAID to receive these payments which shall be deposited as received by NEDA and/or its agent(s) and in no case later than 48 hours after receipt by NEDA and/or its agent(s). A second, special current account will also be established in PNB in the name of NEDA-USAID for current expenditures to which NEDA-USAID will make necessary transfers as operating conditions require.

No deductions from the gross sales proceeds shall be made. All administrative and other costs related to the receiving and handling of the NFDm authorized

herein including but not limited to taxes, tolls, duties, agent salaries and independent surveyor fees will be borne by the GOP.

All details governing the sales of this NFDM will be covered in a Memorandum of Understanding between NEDA and its agent(s), if any, and will be consistent with the terms outlined above.

NEDA will negotiate with its agent(s), if any, or otherwise undertake to obtain a sales price for this NFDM which shall be at or about ₱3,162.22 per MT (\$430.00 at ₱7.354/dollar as of 1/3/77). In order to meet market price fluctuations, there will be included in appropriate documents a Price Adjustment clause. This clause will record Agreement by NEDA and/or its agent's, to increase or decrease the price it pays NEDA/USAID for the second and subsequent shipments if experience indicates a price adjustment is warranted.

NEDA/USAID agree that their mutual objective is to obtain the maximum amount of Pesos possible from this sale(s) of NFDM, consistent with Gatt and UMR requirements in order to finance basic social and economic development projects.

9. *Financing Local Development Projects.* Sales proceeds from this NFDM will be disbursed by NEDA-USAID from the appropriate Special Account as Grants or Loans to finance priority activities on behalf of poorest-of-poor Filipino target groups. In the case of any loans financed from the Special Account, NEDA and USAID will mutually agree on loan terms, including rate of interest and period of repayment, at the time of preparation and execution of the appropriate Project Agreement. Individual activities in the Food and Nutrition sector as defined in Sec. 103 of the U.S. Foreign Assistance Act of 1961, as amended, may be developed by the GOP and its entities, public and private, and jointly approved in individual Project Agreement format by NEDA and USAID for financing. As general guidance total funds should be allotted in the following approximate proportions: Nutrition, 40 percent; Agriculture, 35 percent; Rural Development, 25 percent; other poor majority priorities within the Food and Nutrition sector may arise subsequently which NEDA/USAID may also wish to service. Local currencies generated under this Grant will not be used for purposes of the GOP's cost sharing obligations under Section 110-A of the Foreign Assistance Act so that the use of these local currency proceeds will be truly additive. NEDA will also assure that all activities so financed shall have minimum deleterious ecological influences and shall strive to structure these activities to achieve a positive environmental impact.

For the Government
of the United States of America:

[Signed]

CHARLES C. CHRISTIAN
Acting Director, USAID/Philippines

Date: January 4, 1977

Request and acceptance. The assistance described in this authorization is requested and the terms and conditions of this Agreement and of A.I.D. Regulation 11, 33FR2918, 1968 as amended November 1, 1976 (41FR47919) (attached

and incorporated herein by reference), except as otherwise specifically provided herein, are accepted.

For the Government of the Philippines:

[*Signed*]

GERARDO P. SICAT
(Director-General)

Secretary of Economic Planning
National Economic and Development Authority

Date: January 7, 1977

**AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA
AND THE PHILIPPINES AMENDING THE AGREEMENT OF
4 AND 7 JANUARY 1977² RELATING TO THE TRANSFER OF
AGRICULTURAL COMMODITIES**

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C.

TRANSFER AUTHORIZATION

Program Classification: Section 206

Amendment No. 1 to AID No. 492-022-2040-000-7613

Executive Vice President
Commodity Credit Corporation
U.S. Department of Agriculture
Washington, D.C.

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<i>Code</i>	<i>Commodity</i>	<i>Amount (metric tons)</i>	<i>CCC value \$</i>	<i>Export market value \$</i>
022.2040	NFDM	10,000	\$16,570,000	

3. *Purpose of amendment.* To change the specifications of NFDM following first shipment. Paragraph 4 of the original TA is amended while all other provisions remain unchanged.

4. *Specification amendment*

1,400 MT: vitamized with A and D packed in five-ply moisture-resistant bags of 50 pounds net each.

8,600 MT: non-fortified, extra grade, medium heat process with whey protein nitrogen index (WPNI) within a range of 3.0-5.0; packed in three-ply, moisture-

¹ Came into force on 6 June 1977 by signature.

² See p. 268 of this volume.

resistant bags of 50 pounds net each without standard Title II markings, without the phrase "Not to be sold or exchanged," and with original markings indicating lot number; and shipped in containers.

5. All other provisions of this T.A. remain unchanged.

CHARLES C. CHRISTIAN
For the Government
of the United States of America

Date: 5/25/77

Request and acceptance. The assistance described in this authorization is requested and the terms and conditions of this Agreement and of A.I.D. Regulation II, 33FR2918, 1968, as amended November 1, 1976 (41FR47919) (attached and incorporated herein by reference), except as otherwise specifically provided herein, are accepted.

[Signed]
MANUAL S. ALBA
Acting Director-General
National Economic Development Authority
For the Government of the Philippines

Date: June 6, 1977