

AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA FOR SALES OF AGRICULTURAL COMMODITIES, 1972

Note: The Agreement entered into force, May 4, 1972.

Reference: This Agreement is also published in XI DFA TS No. 1, P. 49.

The Government of the Republic of the Philippines and the Government of the United States of America have agreed to the sale of agricultural commodities specified below. This agreement shall consist of the Preamble, Parts I and III of the March 24, 1970 agreement, the Convertible Local Currency Credit Annex of the April 16, 1971 agreement and the following Part II:

PART II - PARTICULAR PROVISIONS

Item I. Commodity Table:

Commodity	Supply Period	Approximate Maximum Quantity	Maximum Export Market Value (Thousands)
Tobacco	CY 1972	3,000 metric tons	\$ 6,283
Cotton	FY 1973	90,000 bales	15,300
Feedgrains	CY 1972	110,000 metric tons	6,127
Tallow	CY 1972	1,000 metric tons	138
Total			\$ 27,848

Item II. Payment Terms:

Convertible Local Currency Credit

1. Initial Payment — 5 percent

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 to the Government of the exporting country in accordance with paragraph 6 of the Convertible Local Currency Credit

Annex applicable to this agreement and on the following schedule one-half use payment applicable under this agreement will be due on May 1, 1973 and the balance of the currency use payment will be due on December 1, 1973. 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 Payment — 15.

4. Amount of Each Installment Payment — Approximately equal annual amounts.

5. Due Date of First Installment Payment — 5 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 Table:

Commodity	Import Period	Usual Marketing Requirements
Cotton	FY 1973	75,000 bales (of which at least 50,000 bales shall be from the United States)
tobacco	CY 1972	2,200 metric tons (of which at least 2,000 metric tons shall be from the United States)
Feedgrains	CY 1972	None
Tallow	CY 1972	None

Item IV. *Export Limitations:*

A. The export limitation period with respect to each commodity financed under this agreement for commodities the same as 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 or on the date when all of the relevant commodities have been imported and utilized whichever date occurs later.

B. For the purposes of Part I, Article III--A 3 of the agreement, the commodities considered to be the same as the commodities financed under this agreement are: for cotton — raw upland cotton and cotton and cotton textile; for feedgrains — corn, corn meal, barley, grain sorghum, rye, oats and including mixed feeds containing predominantly such grains; for tobacco - no export limitation required; for tallow

- no export limitation required.

C. Permissible Exports:

The Government of the Philippines agrees that should Philippine exports of cotton textiles be increased during United States Fiscal Year 1973, 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 Measures:

The Government of the Philippines continues to accord high priority 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 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 majorefforts 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. The Government of the Philippines intends to focus a major portion 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 production, marketing and distribution systems for rice, feedgrains, fish, meat and meat products.

5. The Government of the Philippines has agreed to give continuing and expanded attention and support to ongoing population programs.

This effort will include substantial local currency support, major assistance to and encouragement of initiatives by non-government organizations, active support from Government of the Philippines' agencies and implementation of policies contained in the 1971 Philippine population law. The Government of the Philippines also agrees to the use of currency generated under this agreement should it be necessary for successful implementation of the population programs.

6. In order to further accelerate agricultural and rural Developments, 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 to the rural areas of the Philippines. In order to facilitate such a program, the Government of the Philippines has developed a developed a Comprehensive National Electrification Plan which delineates 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 economic development purposes as may be mutually agreed upon, including the self-help measures specified in Item V.

Item. VII. Other Provisions:

1. The Government of the exporting country shall bear the cost of oceanfreight 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.

2. The currency use payment under Part II, Item II 2 of this agreement shall be credited against (a) the amount of 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.

3. 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.

4. With reference to paragraph 4 of the Convertible Local Currency Annex, the Government of the importing country may make deposits 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 4th day of May, 1972.

FOR THE GOVERNMENT OF
THE REPUBLIC OF THE
PHILIPPINES:

(Sgd.) **MANUEL COLLANTES**

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA

(Sgd.) **HENRY BYROADE**

ADDENDUM TO AGREED MINUTES
PL-480 Title I Negotiations

Place : Department of Foreign Affairs

Manila

Date : May 4, 1972

Currency Use Payments

Subsequent to the signing of the Agreed Minutes, the Chairman of the

U.S. Panel informed the Philippine Panel through Mr. Sergio Barrera (in the absence of Chairman Ancheta) of the following instruction just received from Washington:

With regard to actual payment of the currency use payments (CUP) under this agreement, although payments of the currency use payments of CUP will fall due on the two dates specified, May 1, 1973 and December 1, 1973, actual payment of the amounts due shall be made only when the United States Government requests payment on or subsequent to those dates.

Importance of Immediate Request for Purchase Authorizations

The Chairman of the U.S. Panel emphasized the importance of having the Philippine Government instruct the Philippine Embassy in Washington to

request purchase authorizations for tobacco and feedgrains, and also tallow, immediately after the agreement is signed on May 4, 1972.

(Sgd.) **SERGIO A. BARRERA**
Philippine Panel

(Sgd.) **THEODORE A. WAHL**
United States Panel