

## **EXTENSION OF THE AGRICULTURAL COMMODITIES AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA**

Reference: This Agreement is also published in VIII DFA TS No. 1, p. 144.

Representatives of the GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES and the UNITED STATES GOVERNMENT met at the Department of Foreign Affairs on January 9, 1969, to discuss the AGRICULTURAL COMMODITIES AGREEMENT of December 22, 1966, between the Governments of the United States and the Philippines. The following are the understandings of the two Governments with regard to the matters discussed:

1. Representatives of the Government of the United States informed the Philippine officials that, in response to the request of the Government of the Philippines, the supply period for unmanufactured tobacco provided for under the terms of the Agreement but not yet purchased, has been extended to June 30, 1969.
2. All other terms and conditions of the Agricultural Commodities Agreement remain the same. The Usual Marketing Requirement for unmanufactured tobacco for fiscal year 1969 will, as in previous year, be 1,600,000 pounds, of which not less than 1,500,000 pounds shall be from the United States of America.
3. In view of the shortfall of purchase during the fiscal year 1968 of the Usual Marketing Requirement for raw cotton, it is understood that, during fiscal year 1969, commercial imports of raw cotton will total at least the Usual Marketing Requirement for fiscal year 1968, plus the amount of the shortfall in the Usual Marketing Requirement for the same year.
4. The peso proceeds from the sale of the unmanufactured tobacco are to be used for such social and economic projects as are agreed upon by the two Governments. It is intended that these proceeds will be used to support the Government of the Philippines' rural development and rice productivity programs. It is understood, furthermore, that the supply period for unmanufactured tobacco may be terminated should the United States Government establish that the provisions for the use of the peso proceeds are not being carried out in accordance with the arrangements set forth in paragraphs two and three of the Embassy's Note number 523, dated December 22, 1966.
5. The United States representatives, acting on instructions, explained the difficulty that had been caused for United States exports of tobacco by the application of the requirement of Philippine law that four kilograms of U.S. - Extension of the Agricultural Commodities - 10 January" 1969 13 Philippine-produced tobacco be exported for each kilogram imported. They also emphasized the harmful impact on United States tobacco exports of the Philippine duties on imports of unmanufactured tobacco. The Philippine Representatives took note of these problems and stated that the Philippine Government would examine the validity of the United States concern. The United States representatives stated that consideration by the United States Government of any request for a new Agricultural Commodities Agreement would be