

April 16, 1971

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

Note: The Agreement entered into force, April 16, 1971.

Reference: This Agreement is also published in X DFA TS No. 1, p. 22,
and 792 UNTS, p. 321.

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 and Parts I and II of the March 24, 1970 agreement, together with the attached Convertible Local Currency Credit Annex and the following Part II:

PART II - PARTICULAR PROVISIONS

Item I. Commodity Table:

Commodity	Supply Period (Calendar Year)	Approximate Maximum Quantity	Maximum Export Market Value (1,000)
Cotton	1971	145,000 bales	\$18,415
Tobacco	1971	1,000 MT	1,874
			<hr/> Total \$ 20,289

Item II. Payment Terms: Convertible Local Currency Credit

1. Initial Payment — none,
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 upon demand by 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 basis: two equal installments, the first installment to be paid on December 31, 1971 and the second installment to be paid on June 30, 1972. 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 Payments — 16.
4. Amount of Each Installment Payment — approximately equal annual

amounts.

5. Due Date of First Installment Payment — five years from date of last delivery in any calendar year.

6. Initial Interest Rate — 2 percent.

7. Continuing Interest Rate — 3 percent.

Item III. Usual Marketing Requirement:

None.

Item IV. Export Limitations:

A. The export limitation period with respect to each commodity financed under this agreement for commodities the same as, or like, 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 during which any of the relevant commodities are imported.

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

C. The Government of the Philippines agrees should Philippine exports of cotton textiles be increased during United States calendar year 1971 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

The Government of the Philippines continues to accord high priority to 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 term 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 major efforts 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. In view of achievement of self-sufficiency in rice production, the Government of the Philippines intends to refocus a major portion of 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 of processing, marketing and distribution systems for rice, feedgrains, fish, meat and meat products.

5. The Government of the Philippines agrees to give continuing attention and support to ongoing programs to reduce population growth rate, render maximum support to encouragement of continued initiatives by non-government Philippine organizations, expansion of Government of the Philippines' efforts to obtain assistance from other donor organization and nations, and priority attention to the introduction of legislation which will provide a continuous source of local financial support for family planning programs.

6. In order to further accelerate agricultural and rural development, 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 the rural areas of the Philippines. In order to facilitate such a program, the Government of the Philippines will develop a Comprehensive National Electrification Plan which would delineate 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 the purposes specified in Item V and for other economic development purposes as may be mutually agreed upon.

Item VII. Ocean Freight Financing:

The Government of the exporting country shall bear the cost of ocean freight differential for commodities it requires to be carried in United States flag vessels but, notwithstanding the provisions of paragraph I of the Convertible Local Currency Credit Annex, it shall not finance the balance of the cost of ocean transportation of such commodities.

Item VIII. Other Provisions:

I. 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