No. 4992

UNITED STATES OF AMERICA
and
INDONESIA

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with exchange of notes). Signed at Djakarta, on 29 May 1959

Official text: English.

Registered by the United States of America on 28 December 1959.

ÉTATS-UNIS D'AMÉRIQUE
et
INDONÉSIE

Accord relatif aux produits agricoles, conclu dans le cadre du titre I de la loi tendant à développer et à favoriser le commerce agricole, telle qu'elle a été modifiée (avec échange de notes). Signé à Djakarta, le 29 mai 1959

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 28 décembre 1959.

No. 4992. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT DJAKARTA, ON 29 MAY 1959

The Government of the United States of America and the Government of the Republic of Indonesia :

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries ;

Considering that the purchase for Indonesian rupiah of agricultural commodities produced in the United States will assist in achieving such an expansion of trade ;

Considering that the Indonesian rupiah accruing from such purchases will be utilized in a manner beneficial to both countries ;

Desiring to set forth the understandings which will govern the sales of agricultural commodities to Indonesia pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, (hereinafter referred to as the Act) and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities ;

Have agreed as follows :

Article I

SALES FOR INDONESIAN RUPIAH

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Indonesia of purchase authorizations, the Government of the United States of America undertakes to finance

[1] Came into force on 29 May 1959, upon signature, in accordance with article VI.

the sale for rupiah to purchasers authorized by the Government of the Republic of Indonesia of the following agricultural commodities determined to be surplus pursuant to Title I of the Act, in the amounts indicated :

Commodity	*Value (million)*
Wheat flour	$ 5.0
Rice	7.2
Cotton	23.0
Nonfat dry milk	2.0
Ocean transportation	3.1
TOTAL	$ 40.3

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this Agreement. They will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of rupiah accruing from such sale and other relevant matters.

Article II

USES OF INDONESIAN RUPIAH

The two Governments agree that the rupiah accruing to the Government of the United States of America as a consequence of the sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes in the amounts shown :

1. For loans to be made by the Export-Import Bank of Washington under Section 104 (*e*) of the Act and for administrative expenses of the Export-Import Bank of Washington in Indonesia incident thereto the rupiah equivalent of $10 million, but not more than 25 % of the currencies received under the Agreement.
2. For loans and grants to the Government of the Republic of Indonesia to promote the economic development of Indonesia under Section 104 (*g*) and 104 (*e*) of the Act, the rupiah equivalent of $24.2 million, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Indonesia as may be mutually agreed, the terms and conditions of which will be included in the supplemental agreements between the two Governments. It is understood that the loan will be denominated in United States dollars, with payment of principal and interest to be made in rupiah at the applicable exchange rate, as defined in the loan agreement. It is further understood that loan funds shall be disbursed only after prior agreement as to the uses of such loan funds. In the event the rupiah set aside for

loans and grants to the Government of Indonesia are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on the use of the rupiah for such purposes, the Government of the United States of America may use the rupiah for any other purpose authorized by Section 104 of the Act, excluding 104 (*c*).

3. For the United States expenditures under sub-sections (*a*), (*b*), (*f*), (*h*), (*i*), (*k*), (*l*), (*m*), (*n*) and (*o*), of Section 104 of the Act, or under any of such sub-sections, the Indonesian rupiah equivalent of $5.4 million. Uses under sub-sections (*k*), (*l*), (*m*), (*n*), and (*o*) are subject to legislative action of the Congress of the United States of America.
4. To provide assistance of the types provided for under sub-section 104 (*j*) of the Act, an amount not to exceed the rupiah equivalent of $0.70 million.

To the extent that the total of $40.3 million equivalent accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the equivalent of $40.3 million, the amount available for 104 (*g*) loans and 104 (*e*) grants to the Government of the Republic of Indonesia will be reduced by an equivalent amount and proportionately between 104 (*g*) loans and 104 (*e*) grants; to the extent that the total exceeds the rupiah equivalent of $40.3 million, 15 % of the excess will be available for the use of the Government of the United States of America, 60 % for loans and grants to the Government of the Republic of Indonesia under Sections 104 (*g*) and 104 (*e*), and 25 % for loans under Section 104 (*e*).

Article III

Deposit of Indonesian rupiah

The deposit of rupiah to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursements by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

Article IV

General undertakings

The Government of the Republic of Indonesia agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability for export from Indonesia of these or like commodities.

The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to the Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or disrupt normal patterns of commercial trade with friendly countries.

In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

The Government of the Republic of Indonesia agrees to furnish upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions of commodities and information relating to exports of the same or like commodities.

Article V

CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

Article VI

ENTRY INTO FORCE

This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Djakarta this twenty-ninth day of May 1959.

For the Government of the United States of America :

Howard P. JONES
Ambassador Extraordinary and Plenipotentiary

For the Government of the Republic of Indonesia :

HARDI
Acting Minister of Foreign Affairs