

No. 5998

**UNITED STATES OF AMERICA
and
REPUBLIC OF CHINA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Taipei,
on 21 July 1961**

Official texts: English and Chinese.

Registered by the United States of America on 13 December 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CHINE**

**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 Taïpeh, le 21 juillet 1961**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 13 décembre 1961.

No. 5998. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED STATES
OF AMERICA AND THE GOVERNMENT OF THE REPUB-
LIC OF CHINA UNDER TITLE I OF THE AGRICUL-
TURAL TRADE DEVELOPMENT AND ASSISTANCE ACT,
AS AMENDED. SIGNED AT TAIPEI, ON 21 JULY 1961

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

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 of America 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 New Taiwan dollars of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

Considering that the New Taiwan dollars accruing from such purchase will be utilized in a manner beneficial to both countries ;

Desiring to set forth the understandings which will govern the sales, as specified below, of agricultural commodities to the Government of the Republic of China pursuant to Title I of the Agricultural Trade Development and Assistance Act, 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 NEW TAIWAN DOLLARS

1. Subject to the availability of commodities for programing under the Act and to issuance by the Government of the United States of America and acceptance by the Government of the Republic of China of purchase authorizations, the Government of the United States of America undertakes to finance the sales for New Taiwan dollars to purchasers authorized by the Government of the Republic of China of the following agricultural commodities in the amounts indicated :

¹ Came into force on 21 July 1961, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Export Market Value (millions of U.S.\$)</i>
Cotton	11.2
Wheat	6.1
Tobacco	1.7
Vegetable oils	0.6
Nonfat dry milk	0.05
Corn	0.25
Ocean freight	1.4
TOTAL	21.3

2. Applications for purchase authorizations will be made within 90 calendar days of the effective date of this Agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this Agreement will be made within 90 days of the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and deliver / of commodities, the time and circumstances of deposit of the New Taiwan dollars accruing from such sale, and other relevant matters.

3. Purchase and shipment of the commodities mentioned above will be made within 18 calendar months of the effective date of this Agreement.

Article II

USES OF NEW TAIWAN DOLLARS

1. The New Taiwan dollars accruing to the Government of the United States of America as a consequence of 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 :

a. For United States expenditures under subsections (a), (b), (d), (f) and (h) through (r) of Section 104 of the Act or under any of such subsections, 19 per cent of the New Taiwan dollars accruing pursuant to this Agreement.

b. 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 the Republic of China incident thereto, 10 per cent of the New Taiwan dollars accruing pursuant to this Agreement. It is understood that :

(1) Such loans under Section 104 (e) of the Act will be made to United States business firms and branches, subsidiaries or affiliates of such firms in the Republic of China for business development and trade expansion in the Republic of China, and to United States firms and Republic of China firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of and markets for United States agricultural products.

- (2) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of the Republic of China, acting through the Bank of Taiwan. The Chairman of the Bank of Taiwan or his designate will act for the Government of the Republic of China, and the President of the Export-Import Bank of Washington or his designate will act for the Export-Import Bank of Washington.
- (3) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the Bank of Taiwan of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan and the general purposes for which the loan proceeds would be expended.
- (4) When the Export-Import Bank is prepared to act favorably upon an application, it will so notify the Bank of Taiwan and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to that prevailing in the Republic of China on comparable loans and the maturities will be consistent with the purposes of the financing.
- (5) Within sixty days after the receipt of the notice that the Export-Import Bank is prepared to act favorably upon an application, the Bank of Taiwan will indicate to the Export-Import Bank whether or not the Bank of Taiwan has any objection to the proposed loan. When the Export-Import Bank approves or declines the proposed loan, it will notify the Bank of Taiwan.
- (6) In the event the New Taiwan dollars set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this Agreement because the Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the Bank of Taiwan, the Government of the United States of America may use the New Taiwan dollars for any purpose authorized by Section 104 of the Act.

c. For procurement of military equipment, materials, facilities, and services in accordance with Section 104 (c) of the Act, 54 per cent of the New Taiwan dollars accruing pursuant to this Agreement.

d. For a loan to the Government of the Republic of China under Section 104 (g) of the Act for financing such projects to promote economic development as may be mutually agreed, including projects not heretofore included in plans of the Government of the Republic of China, 17 per cent of the New Taiwan dollars accruing pursuant to this Agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement.

2. In the event that agreement is not reached on the use of the New Taiwan dollars for loan purposes within three years from the date of this Agreement, the Government of the United States of America may use the New Taiwan dollars for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF NEW TAIWAN DOLLARS

1. The deposit of New Taiwan dollars 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 disbursement by United States banks or by the Government of the United States of America, as provided in the purchase authorizations.

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of New Taiwan dollars which may be due or become due under this Agreement more than two years from the effective date of this Agreement will be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

Article IV

GENERAL UNDERTAKINGS

1. The Government of the Republic of China 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 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 of these or like commodities to nations unfriendly to the United States of America.

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

3. 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.

4. The Government of the Republic of China 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 arrival and condition of commodities and pro-