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No. 7942

UNITED STATES OF AMERICA
and
PHILIPPINES

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with exchange of notes). Signed at Manila, on 23 April 1965

Official text: English.

Registered by the United States of America on 24 September 1965.

ÉTATS-UNIS D'AMÉRIQUE
et
PHILIPPINES

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 Manille, le 23 avril 1965

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 24 septembre 1965.

No. 7942. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT MANILA, ON 23 APRIL 1965

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

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 Philippine pesos of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

Considering that the Philippine pesos 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 Republic of the Philippines 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 PHILIPPINE PESOS

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of the Republic of the Philippines of purchase authori-

[1] Came into force on 23 April 1965, upon signature, in accordance with article VI.

zations and to the availability of the specified commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sales for Philippine pesos, to purchasers authorized by the Government of the Republic of the Philippines, of the following agricultural commodities in the amounts indicated :

Commodity	*Export Market Value (millions)*
Rice	$12.57

2. Applications for purchase authorizations will be made within 90 days after 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 after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Philippine pesos accruing from such sale, and other relevant matters.

The Government of the United States of America will finance ocean transportation incurred pursuant to this agreement only to the extent that the United States Department of Agriculture determines that such costs are higher than would otherwise be the case by reason of its requiring that commodities be transported in United States flag vessels. The balance of such costs for ocean transportation of commodities required to be carried on United States flag vessels shall be paid in dollars by the Government of the Republic of the Philippines. The Government of the Republic of the Philippines will not be required to deposit any Philippine pesos for ocean transportation financed by the Government of the United States of America.

Promptly after contracting for United States flag shipping space required to be used, and in any event not later than presentation of vessel for loading, the Government of the Republic of the Philippines will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities carried in United States flag vessels.

3. The financing, sale and delivery of commodities under this agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

Article II

USES OF PHILIPPINE PESOS

The Philippine pesos 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 proportions shown :

A. For United States expenditures under subsections (*a*), (*b*), (*d*), (*f*) and (*h*) through (*t*) of Section 104 of the Act, or under any of such subsections, 40 percent of the Philippine pesos accruing pursuant to this agreement.

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as AID) under Section 104 (*e*) of the Act and for administrative expenses of AID in the Republic of the Philippines incident thereto, 10 percent of the Philippine pesos 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 the Philippines for business development and trade expansion in the Republic of the Philippines and to United States firms and to Republic of the Philippines 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 AID and the Government of the Republic of the Philippines, acting through the Central Bank (hereinafter referred to as CB). The Governor of the CB, or his designate, will act for the Government of the Republic of the Philippines, and the Administrator of AID, or his designate, will act for AID.

(3) Upon receipt of an application which AID is prepared to consider, AID will inform CB 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 AID is prepared to act favorably upon an application, it will so notify CB 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 Philippines on comparable loans provided such rates are not lower than the cost of funds to the United States Treasury on comparable maturities, and the maturities will be consistent with the purposes of the financing.

(5) Within sixty days after the receipt of the notice that AID is prepared to act favorably upon an application, CB will indicate to AID whether or not it has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from CB, it shall be understood that CB has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify CB.