

No. 6629

**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 19 November 1962**

Official texts: English and Chinese.

Registered by the United States of America on 16 April 1963.

**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 19 novembre 1962**

Textes officiels anglais et chinois.

Enregistré par les États-Unis d'Amérique le 16 avril 1963.

No. 6629. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
THE REPUBLIC OF CHINA UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND
ASSISTANCE ACT, AS AMENDED. SIGNED AT TAIPEI,
ON 19 NOVEMBER 1962

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 countries 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 purchases will be utilized in a manner beneficial to both countries;

Recognizing the desirability of ensuring a more constant flow of surplus agricultural commodities, thereby stabilizing the local farm commodity market in the interest of the overall economic development program;

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 issuance by the Government of the United States of America and acceptance by the Government of the Republic of China of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to

¹ Came into force on 19 November 1962, upon signature, in accordance with article VI.

finance 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 :

<i>Commodity</i>	<i>Export Market Value (millions)</i>
Wheat	\$40.71
Corn	0.71
Tallow	3.94
Lard	0.23
Ocean transportation (estimated)	6.12
	TOTAL \$51.71

2. Applications for purchase authorizations for \$4.52 million of wheat and \$0.19 million of corn will be made by December 31, 1962. Applications for purchase authorizations for calendar year 1963 amounts will be made within 90 calendar days of the effective date of this Agreement for \$18.10 million of wheat, \$0.52 million of corn, \$1.97 million of tallow, and \$0.12 million of lard. Applications for purchase authorizations for 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.

3. The amounts of commodities for calendar year 1964 will be determined on the basis of annual review to be made by the two Governments prior to the beginning of that year. The review shall take into account United States stocks position; changes in production, consumption, and stocks of food grains in the Republic of China; other imports from the United States and countries friendly to the United States; storage facilities in the Republic of China; the extent to which agreement has been reached on the use of grant and loan funds; and other related matters. Purchase authorizations will include provisions relating to sales and deliveries of commodities, including the classes, types and/or varieties of food grains, the time and circumstances of deposit of the New Taiwan dollars accruing from such sales, and other relevant matters.

4. 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 NEW TAIWAN DOLLARS

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 :

1. For United States expenditures under subsections (a), (b), (d), (f) and (h) through (s) of Section 104 of the Act or under any of such subsections, 19 percent of the New Taiwan dollars accruing pursuant to this Agreement.
2. For the procurement of military equipment, materials, facilities and services for common defense purposes in accordance with Section 104 (c) of the Act, 50 percent of the New Taiwan dollars accruing pursuant to this Agreement.
3. For loans to be made by the Agency for International Development of Washington under Section 104 (e) of the Act, 5 percent of the New Taiwan dollars accruing pursuant to this Agreement. It is understood that :

(a) 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.

(b) Loans will be mutually agreeable to the Agency for International Development of Washington and the Government of the Republic of China acting through the Council for United States Aid. The Chairman of the Council for United States Aid, or his designate, will act for the Government of the Republic of China, and the Administrator of the Agency for International Development of Washington, or his designate, will act for the Agency for International Development.

(c) Upon receipt of an application which the Agency for International Development of Washington is prepared to consider, it will inform the Council for United States Aid 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.

(d) When the Agency for International Development is prepared to act favorably upon an application, it will so notify the Council for United States Aid 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 those prevailing in China on comparable loans and the maturities will be consistent with the purposes of the financing.

(e) Within sixty days after the receipt of notice that the Agency for International Development is prepared to act favorably upon an application, the Council for United States Aid will indicate to the Agency for International Development whether or not the Council for United States Aid has any objection to the proposed loan. Unless within the sixty-day period the Agency for International Development has received such a communication from the Council for United

States Aid, it shall be understood that the Council for United States Aid has no objection to the proposed loan. When the Agency for International Development approves or declines the proposed loan, it will notify the Council for United States Aid.

(f) In the event the New Taiwan dollars set aside for loans under Section 104 (e) of the Act are not advanced within five years from the date of this Agreement because the Agency for International Development of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Agency for International Development of Washington and the Council for United States Aid, the Government of the United States of America may use the New Taiwan dollars for any purpose authorized by Section 104 of the Act.

4. 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, 26 percent 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. In the event that agreement is not reached on the use of New Taiwan dollars for loan purposes within five years from the date of this Agreement, the Government of the United States of America may use the funds for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF NEW TAIWAN DOLLARS

1. The amount of New Taiwan dollars to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into New Taiwan dollars as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of the Republic of China, or
- (b) if more than one legal rate for foreign exchange transaction exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of the Republic of China.

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 four years from the effective date of this Agreement would 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 will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes of the agricultural commodities purchased pursuant to the provisions of this Agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America) 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 will take reasonable precautions to assure that sales or purchases of agricultural commodities 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 provisions for the maintenance of usual marketings, 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 matter 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 in duplicate in the English and Chinese languages, at Taipei, this nineteenth day of November, 1962 corresponding to the nineteenth day of the eleventh month of the fifty-first year of the Republic of China.

For the Government
of the United States of America :

Alan G. KIRK

[SEAL]

For the Government
of the Republic of China :

SHEN Chang-huan

[SEAL]

EXCHANGE OF NOTES

I

The American Ambassador to the Chinese Minister of Foreign Affairs

No. 6

Taipei, November 19, 1962

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today¹ and to confirm that it is the understanding of the Government of the United States of America that :

1. Upon request of the Government of the United States of America, the Government of the Republic of China will provide facilities for the conversion of two percent of the New Taiwan dollars accruing from sales under this Agreement into other currencies for purposes of Section 104 (a) of the Act. These currencies will be used to finance agricultural market development activities in other countries. In this connection, the Government of the United States of America may also utilize New Taiwan dollars to procure in the Republic of China goods and services needed in connection with agricultural market development projects and activities in other countries.

2. Upon request of the Government of the United States of America, the Government of the Republic of China will provide facilities for the conversion into other currencies of the New Taiwan dollar equivalent of up to US \$200,000 during each year of the three-year period of the Agreement for purposes of Section 104 (h) of the Act. These currencies will be used to finance educational exchange activities of the Government of the United States of America in other countries.

3. The Government of the United States of America may utilize New Taiwan dollars to pay for international travel originating in the Republic of China, or originating outside the Republic of China when involving travel to or through the Republic of China, including connecting travel, and for air travel within the United States of America or other areas outside the Republic of China when it is part of a trip in which the traveler journeys from, to or through the Republic of China. It is understood that these funds are intended to cover only travel by persons engaged in activities financed under Section 104 of the Act.

I shall appreciate receiving your confirmation that the foregoing also represents the understanding of the Government of the Republic of China.

Accept, Excellency, the renewed assurances of my highest consideration.

Alan G. KIRK

His Excellency Shen Chang-huan
Minister of Foreign Affairs
Taipei

¹ See p. 264 of this volume.

[TRANSLATION¹ — TRADUCTION²]

No. Wai—(51)—Mei—1—17952

Taipei, November 19, 1962

Excellency :

I have the honor to acknowledge receipt of your Note No. 6 of today's date reading as follows :

[*See note I*]

In reply, I have the honor to confirm, on behalf of the Government of the Republic of China, that the foregoing also represents the understanding of my Government.

Accept Excellency, the renewed assurances of my highest consideration.

SHEN Chang-huan

[SEAL]

His Excellency Alan Goodrick Kirk
Ambassador of the United States of America
Taipei, Taiwan, China

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.