

August 06, 1946

PHILIPPINE ABACA FIBER AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA

Note: The Agreement entered into force, August 6, 1946. The abrogation of the Agreement was requested by the Philippines November 18, 1946. It was abrogated, December 3, 1946;

Reference: This Agreement is also published in I DFA TS No. 1, p. 16.

This Agreement, made as of August 8, 1946, by and between Reconstruction Finance Corporation, a corporate agency of the Government of the United States of America, and the Republic of the Philippines, hereinafter called the Republic,

WITNESSETH:

That in consideration of the mutual agreements herein contained the parties hereto agree as follows:

1. This Agreement shall be effective for the period August 8, 1946 to June 30, 1947, both dates inclusive.
2. During the period of this Agreement Reconstruction Finance Corporation or any other agency of the Government of the United States of America will purchase, and will have the exclusive right to purchase, the entire exportable surplus of abaca fiber (fiber of *Musa Textilis*) of the grades described in Paragraph 3 hereof, from all sellers in the Philippines, at the prices and upon the terms and conditions hereinafter set forth.
3. The prices for the respective grades of abaca fiber in cents per pound United States currency, free on board ocean carrier, Philippine ports, shall be as follows:

	Davao	Non-Davao
CD	15-3/4	15-3/4
E	14-3/8	14-3/8
F	13-1/2	13-1/2
I	13-1/8	12-1/8
S-2	12-1/4	10-3/4
J-I	12	10
S-3	9	8
G	10-1/2	18-3/8
H	7	6
J-2	9	7
K	6-7/8	5
L-1	4-1/2	3-5/8
L-2	4-1/8	3-1/4
M-1	3-3/4	2-7/8
M-2	3-1/2	2-1/2

OTYW	1-3/8	1-3/8
Decco 1	12-5/8	
Decco 2	11-1/4	
Decco 3	9	
Decco 4	7	
Decco T	1-3/8	

In the event that existing freight rates be changed materially, either party to this Agreement may request a reconsideration of the free on board prices stipulated herein, for such modification of these prices as may be agreed upon between the contracting parties.

4. All of said grades of abaca fiber shall be as defined in Fiber Inspection Administrative Order No. 4 (Revised Dec. 1, 1939) of the Fiber Inspection Service of the Department of Agriculture and Commerce of the Commonwealth of the Philippines entitled "Determination and description of the official standards for the various commercial grades of certain Philippine fibers", and shall other wise conform to the quality and standards set forth in said Order. The fiber shall be marked and baled for export in a careful manner in accordance with standard commercial practice, in bales weighing approximately 126.5 kilograms (278.88 pounds) net, and of cubic measurement not exceeding 13 cubic feet, or as other wise acceptable to Reconstruction Finance Corporation.

5. The terms of payment shall be arranged with the individual sellers generally according to the following pattern. Reconstruction Finance Corporation will pay no less than eighty per cent of the purchase price by means of letters of credit opened by Reconstruction Finance Corporation in favor of the seller authorizing sight drafts on a New York bank when accompanied by commercial invoices, clean on board bills of lading drawn to the order of Reconstruction Finance Corporation, and other customary documents as directed by Reconstruction Finance Corporation. Settlement of the balance of the purchase price or any adjustment thereof shall be made to the seller after the fiber has arrived at United States port of entry and has been weighed and inspected. The fiber shall be invoiced on the basis of 273 pound bales, when baled in accordance with standard commercial practice, or net shipping weights less 2 per cent when otherwise baled; but the price of all fiber, however baled, shall be based on net landed weights.

6. The seller shall pay all inspection fees, lighterage fees, wharfage taxes, internal revenue taxes, export taxes and all other taxes, fees and charges of what soever nature imposed on the fiber or in connection with the exportation thereof from the Philippines; and the Republic agrees that no such taxes, fees or charges shall be collected from Reconstruction Finance Corporation. The seller shall bear all risk, costs and liability incurred in connection with the fiber up to the time it has been loaded on board the ocean carrier.

7. Reconstruction Finance Corporation shall have the right to purchase abaca fiber from any seller upon a delivery basis other than free on board ocean carrier Philippine ports, in which event proper adjustment of the

terms and prices shall be made between Reconstruction Finance Corporation and the seller on the basis of the free on board prices stipulated herein.

8. The Republic agrees immediately to establish and maintain during the term of this Agreement an export restriction on abaca, limiting the export of this product to the United States for the Reconstruction Finance Corporation, or to its designees and consignees in the United States or other countries.

9. The Republic agrees that it will use its best efforts to cause the maximum quantity of abaca fiber, which Reconstruction Finance Corporation has agreed to purchase under this Agreement, to be produced and exported under the terms of this Agreement. To this end the Republic agrees that it will not impose any restrictions upon the exportation of abaca fiber to the United States for the Reconstruction Finance Corporation, or to its designees and consignees in the United States or other countries; and that it will render to Reconstruction Finance Corporation all reasonable cooperation and assistance.

10. The Republic agrees that if the Republic finds it advisable, during the period of this Agreement, it will establish and enforce price ceilings covering the sale of abaca fiber to local manufacturers, which price ceilings shall not be higher than the free on board prices for the various grades stipulated herein, subject to proper adjustment for other terms of delivery. The Republic further agrees that it will use its best efforts to prevent the cordage mills in the Philippines from accumulating a supply of abaca fiber in excess of three times their current monthly consumption of fiber and that it will require the mills to report on the first day of each calendar month beginning September 1, 1946, their inventories at the beginning of the preceding month, their purchases and consumption of fiber during such preceding month and their inventories at the end of the month.

11. The Republic agrees that during the period of this Agreement, National Abaca and Other Fibers Corporation (hereinafter called NAFCO), a corporate agency of the Republic, will enter into a contract with Reconstruction Finance Corporation whereunder NAFCO will agree that it will sell and will cause to be sold to Reconstruction Finance Corporation, through NAFCO or any exporter under contract to sell abaca fiber to Reconstruction Finance Corporation, upon the terms and conditions stipulated herein, all of the abaca fiber derived from the following sources:

(a) Produced upon lands formerly owned, leased or otherwise operated or controlled by Japanese individually or through corporations the majority of the issued and outstanding stock of which was owned or controlled by Japanese and over which lands NAFCO, the Republic or any of its subdivisions, agencies or instrumentalities are now exercising or may hereafter exercise control through the appointment of administrators or otherwise;