

No. 1632

**PAKISTAN
and
CANADA**

**Exchange of notes (with annex) constituting an agreement
on the principles for co-operative economic develop-
ment of Pakistan under the Colombo Plan. Karachi,
10 September 1951**

Official text: English.

Registered by Pakistan on 26 February 1952.

**PAKISTAN
et
CANADA**

**Échange de notes (avec annexe) constituant un accord
relatif aux principes régissant la coopération pour le
développement économique du Pakistan dans le cadre
du Plan de Colombo. Karachi, 10 septembre 1951**

Texte officiel anglais.

Enregistré par le Pakistan le 26 février 1952.

No. 1632. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN PAKISTAN AND CANADA ON THE PRINCIPLES FOR CO-OPERATIVE ECONOMIC DEVELOPMENT OF PAKISTAN UNDER THE COLOMBO PLAN. KARACHI, 10 SEPTEMBER 1951

I

*The High Commissioner for Canada in Pakistan
to the Deputy Minister for Finance and Economic Affairs of Pakistan*

OFFICE OF THE HIGH COMMISSIONER

Karachi, September 10, 1951

Sir,

I have the honour to refer to recent discussions between the officials of our two governments concerning the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The officials reached agreement on the general principles under which all Canadian assistance to the Government of Pakistan under the plan should be made available.

As you know, it is the practice of the Parliament of Canada to vote funds on an annual basis and the amounts provided must be reviewed from year to year. For this year certain funds have been provided for the Colombo Plan and the Government of Canada now wishes to establish agreed principles to guide the activities of our respective governments in the furtherance of the plan.

For this purpose I attach a "Statement of Principles agreed between the Government of Canada and the Government of Pakistan for Co-operative Economic Development in Pakistan".

If the attached statement is agreeable to your Government, this note and your reply to that effect will constitute an agreement on this subject, effective from the date of your reply.

I have the honour to be, Sir,

Your obedient servant,

(Signed) David M. JOHNSON
High Commissioner for Canada

The Hon'ble Mr. Ghayasuddin Pathan
Deputy Minister for Finance and Economic Affairs
Government of Pakistan
Karachi

¹ Came into force on 10 September 1951 by the exchange of the said notes.

COLOMBO PLAN

STATEMENT OF PRINCIPLES AGREED BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF PAKISTAN FOR CO-OPERATIVE ECONOMIC DEVELOPMENT OF PAKISTAN

The Governments of Canada and Pakistan, together with other governments, took part in London in 1950 in drawing up the Colombo Plan for Co-operative Economic Development in South and South-East Asia. The Governments of Canada and Pakistan now desire to co-operate for their mutual benefit, and in particular for the achievement of the purposes of the Colombo Plan, by promoting the economic development of Pakistan. Therefore the Governments of Canada and Pakistan now wish to establish agreed principles under which economic aid from Canada will be provided to Pakistan for the purposes of the Colombo Plan, and according to which supplementary agreements may be made to cover specific programmes.

The Governments of Canada and Pakistan agree to the establishment of the following principles :

1. All economic aid supplied by the Government of Canada to the Government of Pakistan under the Colombo Plan shall consist of goods and services in accordance with specific programmes agreed upon from time to time between the two governments. Similarly, agreement will be reached on the methods of procurement and transfer.
2. In order that Canadian aid may cover different types of projects, different forms of financing may be used; in particular, Canadian aid will be available on either a grant or a loan basis, depending on the nature of each specific programme and the uses to which the goods and services supplied under it are put.
3. The particular terms of each specific programme will be a matter for agreement between the two governments, subject to the following general provisions :
 - (a) *Grants*: In any specific programme under which goods financed by grants from the Canadian Government are sold or otherwise distributed to the Pakistan public " counterpart funds " will normally be set aside. The Pakistan Government will set up a special account for these funds and will keep separate records of the amounts placed in the account in connection with each specific programme. It will pay into this account the rupee equivalent of the Canadian expenditures on goods and services supplied under any such programme. The Government

of Pakistan will from time to time report to the Government of Canada the position of this account and will supply a certificate from the Auditor General of Pakistan. The two governments will from time to time agree on the economic development projects in Pakistan to be financed from this account.

- (b) *Loans*: For the specific programmes which are agreed to be appropriate for financing by means of loans the terms of the loans will be determined by the two governments. These terms will relate primarily to the commercial character of the particular project in question, to its anticipated earnings, and to its anticipated effects on the foreign exchange position of Pakistan.

II

*The Deputy Minister for Finance and Economic Affairs of Pakistan
to the High Commissioner for Canada in Pakistan*

MINISTRY OF ECONOMIC AFFAIRS

September 10, 1951

Sir,

I have your note of today with regard to the recent discussions between representatives of our two governments for the purpose of reaching an agreement on the general principles under which all Canadian assistance to the Government of Pakistan under the Colombo Plan for Co-operative Economic Development in South and South-East Asia should be made available. I am glad to confirm that the "Statement of Principles" annexed to your note is acceptable to my Government. Your note and my reply will, therefore, constitute an agreement between our two governments on this subject.

Accept, Sir, the renewed assurances of my highest consideration.
I have the honour to be, Sir,

Your obedient servant,

(Signed) GHAYASUDDIN PATHAN
Deputy Minister
for Finance and Economic Affairs

The High Commissioner for Canada in Pakistan
Karachi