

No. 4380

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**UNITED STATES OF AMERICA  
and  
PAKISTAN**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act, as  
amended (with Memorandum of Understanding and  
exchange of notes). Signed at Karachi, on 15 November  
1957**

*Official text: English.*

*Registered by the United States of America on 25 June 1958.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
PAKISTAN**

**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  
Mémorandum d'accord et échange de notes). Signé à  
Karachi, le 15 novembre 1957**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 25 juin 1958.*

No. 4380. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA AND THE GOVERNMENT OF PAKISTAN  
UNDER TITLE I OF THE AGRICULTURAL TRADE  
DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED.  
SIGNED AT KARACHI, ON 15 NOVEMBER 1957

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The Government of the United States of America and the Government of Pakistan :

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 ;

Considering that the purchase for Pakistan rupees of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

Considering that the Pakistan rupee accruing from such purchases will be utilized in a manner beneficial to both countries ;

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of Pakistan pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, 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 PAKISTAN RUPEES

1. Subject to the issuance by the Government of the United States of America and acceptance by the Government of Pakistan of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Pakistan, for Pakistan rupees, of

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<sup>1</sup> Came into force on 15 November 1957, upon signature, in accordance with article VI.

the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act in the amount indicated :

<i>Commodity</i>	<i>Export Market Value (In million \$)</i>
Wheat . . . . .	36. 6
Rice . . . . .	14. 4
Dairy products . . . . .	2. 2
Tallow (inedible) . . . . .	0. 25
SUB-TOTAL	53. 45
Ocean transportation (est. 50%) . . . . .	11. 95
TOTAL	65. 4

2. Purchase authorizations must be issued pursuant to the above within 90 calendar days following the date the agreement is signed. The purchase authorization will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupees accruing from such sale and other relevant matters.

## *Article II*

### USES OF RUPEES

1. The two Governments agree that the rupees accruing to the Government of the United States of America as a consequence of the 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 may determine, for the following purposes, in the amounts shown :

*a.* To help develop new markets for United States agricultural commodities, for international educational exchange, for financing the translation, publication and distribution of books and periodicals, and for other expenditures by the Government of the United States of America in Pakistan under Sub-sections (*a*), (*f*), (*h*) and (*i*) of Section 104 of the Act, the rupee equivalent of \$12.7 million.

*b.* To provide assistance of the types provided for under Section 104 (*j*) of the Act, an amount not to exceed the rupee equivalent of \$0.5 million.

*c.* For loans to be made by the Export-Import Bank of Washington under Section 104 (*e*) of said Act and for administrative expenses of the Export-Import Bank Washington in Pakistan incident thereto, the rupee equivalent of \$ 16.4 million, but not more than 25 % of the currencies received under the agreement. Such loans will be made to United States business firms and branches, subsidiaries

or affiliates of such firms in Pakistan for business development and trade expansion in Pakistan and to United States firms, and to Pakistan 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. It is understood that such loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Pakistan. The State Bank of Pakistan will act on the behalf of the Government of Pakistan in this matter. In the event the rupees set aside for loans under Sub-section 104 (e) of said 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 State Bank of Pakistan, the Government of the United States of America may use the rupees for any purpose authorized by Section 104 of the Act.

*d.* To procure military equipment, materials, facilities and services for the Pakistan defense forces in accordance with Section 104 (c) of the Act, the rupee equivalent of \$5 million.

*e.* For a loan to the Government of Pakistan to promote the economic development of Pakistan under Section 104 (g) of the Act, the rupee equivalent of \$30.8 million, the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, or, at the option of the Government of Pakistan, in rupees, such payments in rupees to be made at the applicable exchange rates as defined in the loan agreement, in effect on the date of the payment. It is further understood that the loan funds shall be disbursed only after prior agreement as to the uses of such loan funds. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. In the event the rupees set aside for loans to the Government of Pakistan are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on the use of the rupees for loan purposes, the Government of the United States of America may use the rupees for any other purpose authorized by Section 104 of the Act.

2. In the event the total of rupees accruing to the Government of the United States of America, as a consequence of sales made pursuant to this agreement, is less than the rupee equivalent of \$65.4 million, the amount available for a loan to the Government of Pakistan under Section 104 (g) would be reduced by the amount of such difference ; in the event the total rupee deposits exceed the equivalent of \$65.4 million, 47 per cent of the excess would be available for loans under Section 104 (g), and 53 per cent would be available for any use or uses authorized by Section 104, as the Government of the United States may determine.

*Article III*

## DEPOSIT OF PAKISTAN RUPEES

The deposit of Pakistan rupees 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.

*Article IV*

## GENERAL UNDERTAKINGS

1. The Government of Pakistan agrees that it will take all possible measures to prevent the sale or trans-shipment to other countries, or the use for other than domestic purposes (except where such resale, trans-shipment or use is specifically approved by the Government of the United States of America), of the surplus 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 precaution to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or materially impair trade relations among the countries of the free world.

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 Pakistan 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 arrivals and conditions of commodities and the 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 at Karachi, this fifteenth day of November, 1957.

For the Government  
of the United States of America :

James M. LANGLEY  
Ambassador of the United States  
of America in Pakistan

[SEAL]

For the Government  
of Pakistan :

S. AMJAD ALI  
Minister for Finance

[SEAL]

Karachi the 15th November 1957

## MEMORANDUM OF UNDERSTANDING

In arriving at mutual agreement concerning loans eligible under Section 104 (e) the Governor of the State Bank of Pakistan, of his designate, will act for the Government of Pakistan, and the President of the Export-Import Bank of Washington, or his designate will act for the Export-Import Bank of Washington.

Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the State Bank of Pakistan of the identity of the applicant, the nature of the proposed business, the amount of the proposed loan, the general purposes for which the loan proceeds would be expended, and the probable range of (1) the interest rate and (2) the repayment period.

Within sixty days after the receipt of such notice the State Bank of Pakistan will indicate to the Export-Import Bank whether or not the State Bank of Pakistan is receptive to the proposed loan. Unless within the sixty-day period the Export-

Import Bank has received such a communication from the State Bank of Pakistan, it shall be understood that the State Bank of Pakistan has no objection to the proposed loan.

When the Export-Import Bank approves or declines the proposed loan, it will notify the State Bank of Pakistan.

In approving a loan, the Export-Import Bank will (1) fix an interest rate similar to that prevailing in Pakistan on comparable loans ; (2) establish maturities similar to those of Export-Import Bank dollar loans to private enterprises.

For the Government  
of Pakistan :  
S. AMJAD ALI  
Minister for Finance

For the Government  
of the United States of America:  
James M. LANGLEY  
Ambassador of the United States  
of America in Pakistan

## EXCHANGE OF NOTES

### I

*The American Ambassador to the Pakistani Minister of Finance*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA  
EMBASSY OF THE UNITED STATES OF AMERICA

Karachi, November 15, 1957

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Pakistan signed today.<sup>1</sup>

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between this Embassy and the Government of Pakistan with respect to the conversion of rupees into other currencies and to certain other matters relating to the use of a total amount of rupees equivalent to \$350,000 accruing under the subject agreement for agricultural market development purposes by the Government of the United States of America under Section 104 (a) of the Agricultural Trade Development and Assistance Act.

1. The Government of Pakistan will provide facilities for the conversion of a portion of all of the rupees equivalent to \$350,000 accruing under the subject agreement for agricultural market development purposes into other currencies

<sup>1</sup> See p. 174 of this volume.

on request of the Government of the United States of America. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

2. It is also understood that the Government of the United States of America may utilize a portion of all of the rupees equivalent to \$350,000 in Pakistan to pay for international transportation and travel originating either in Pakistan or in the United States, including connecting transportation.

3. It is also understood that the Government of the United States of America may utilize a portion or all of the rupees equivalent to \$350,000 to procure in Pakistan goods and services needed in connection with agricultural market development projects and activities in other countries.

James M. LANGLEY  
Ambassador

His Excellency Syed Amjad Ali  
Minister of Finance  
Karachi

## II

### *The Pakistani Minister of Finance to the American Ambassador*

MINISTER OF FINANCE  
GOVERNMENT OF PAKISTAN

Karachi the 15 November, 1957

Dear Mr. Ambassador,

I have the honour to acknowledge the receipt of your letter dated the 15th November, 1957, regarding the conversion of rupees into other currencies, the text of which is reproduced below :

[See note I]

I confirm that the foregoing sets forth the understanding of the Government of Pakistan.

Yours sincerely,

S. AMJAD ALI  
Minister for Finance

His Excellency Mr. James M. Langley  
Ambassador of the United States of America in Pakistan  
Karachi



## III

*The American Ambassador to the Pakistani Minister of Finance*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA  
EMBASSY OF THE UNITED STATES OF AMERICA

Karachi, November 15, 1957

Excellency :

I have the honor to refer to the Agriculture Commodities Agreement between the Government of the United States of America and the Government of Pakistan signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the Embassy and the Government of Pakistan with respect to the utilization of the rupees equivalent of \$12.7 million which will accrue to the Government of the United States of America under Sections (a), (f), (h), and (i) of Section 104 of the Act as provided in 1 (a) of Article II of the Agreement. It is the intention of my Government to use these rupees approximately as follows :

1. \$700,000 under Section 104 (a) of the Act for the development of new markets for United States agricultural commodities in Pakistan or in other countries.
2. About \$9.9 million under Section 104 (f) of this Act for other U. S. expenditures in Pakistan.
3. About \$1.1 million under Section 104 (h) of the Act for international education exchange.
4. About \$1.0 million under Section 104 (i) of the Act for financing the translation, publication and distribution of books and periodicals including government publications abroad.

James M. LANGLEY  
Ambassador

His Excellency Syed Amjad Ali  
Minister of Finance  
Karachi

## IV

*The Pakistani Minister of Finance to the American Ambassador*

MINISTER OF FINANCE  
GOVERNMENT OF PAKISTAN

Karachi the 15th November, 1957

Dear Mr. Ambassador,

I have the honour to acknowledge the receipt of your letter dated the 15th November, 1957, regarding the utilisation of rupees equivalent of \$ 12.7 million accruing to the Government of the United States of America, the text of which is reproduced below :

[See note III]

I confirm that the foregoing sets forth the understanding of the Government of Pakistan.

Yours sincerely,

S. AMJAD ALI  
Minister for Finance

His Excellency Mr. James M. Langley  
Ambassador of the United States of America in Pakistan  
Karachi

## V

*The American Ambassador to the Pakistani Minister of Finance*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA  
EMBASSY OF THE UNITED STATES OF AMERICA

Karachi, November 15, 1957

Excellency :

I have the honor to refer to the Agriculture Commodities Agreement between the Government of the United States of America and the Government of Pakistan signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the Embassy of the United States of America and the Government of Pakistan with respect to the possibility of utilizing \$7.2 million for the purchase of wheat in lieu of rice as requested by

the Government of Pakistan. Further consideration will be given to this request by the Government of the United States, and if necessary, notes will be exchanged to amend the Agreement.

James M. LANGLEY  
Ambassador

His Excellency Syed Amjad Ali  
Minister of Finance  
Karachi

VI

*The Pakistani Minister of Finance to the American Ambassador*

MINISTER OF FINANCE  
GOVERNMENT OF PAKISTAN

Karachi the 15 November, 1957

Dear Mr. Ambassador,

I have the honour to acknowledge the receipt of your letter dated the 15th November, 1957, regarding the possibility of utilising \$7.2 million for the purchase of wheat in lieu of rice, the text of which is reproduced below :

[See note V]

I confirm that the foregoing sets forth the understanding of the Government of Pakistan.

Yours sincerely,

S. AMJAD ALI  
Minister for Finance

His Excellency Mr. James M. Langley  
Ambassador of the United States of America in Pakistan  
Karachi

## VII

*The American Ambassador to the Pakistani Minister of Finance*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

EMBASSY OF THE UNITED STATES OF AMERICA

Karachi, November 15, 1957

Excellency :

I have the honor to refer to the Agriculture Commodities Agreement between the Government of the United States of America and the Government of Pakistan signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the Government of Pakistan and the Embassy of the United States of America with respect to tallow and wheat.

In addition to the tallow obtained under this Agreement, the Government of Pakistan will import from other sources a minimum of 1,500 metric tons of tallow during the U. S. fiscal year 1958, expiring June 30, 1958.

In addition to the wheat obtained under this Agreement, the Government of Pakistan will import from commercial sources a minimum of 150,000 metric tons of wheat during the Pakistani crop year (May 1, 1957-April 30, 1958).

James M. LANGLEY  
Ambassador

His Excellency Syed Amjad Ali  
Minister of Finance  
Karachi

## VIII

*The Pakistani Minister of Finance to the American Ambassador*

MINISTER OF FINANCE

GOVERNMENT OF PAKISTAN

Karachi the 15th November 1957

Dear Mr. Ambassador,

I have the honour to refer to the Agricultural Commodities Agreement between the Government of Pakistan and the Government of the United States of America signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the Government of Pakistan and the Embassy of the United States of America with respect to tallow and wheat.

In addition to the tallow obtained under this Agreement, the Government of Pakistan will import from other sources a minimum of 1,500 metric tons of tallow during the U. S. fiscal year 1958, expiring June 30, 1958.

In addition to the wheat obtained under this Agreement the Government of Pakistan will import from Commercial sources a minimum of 150,000 metric tons of wheat during the Pakistan Crop Year (May 1, 1957-April 30, 1958).

Yours sincerely,

S. AMJAD ALI  
Minister for Finance

His Excellency Mr. James M. Langley  
Ambassador of the United States of America in Pakistan  
Karachi

## IX

### *The American Ambassador to the Pakistani Minister of Finance*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA  
EMBASSY OF THE UNITED STATES OF AMERICA

Karachi, November 15, 1957

Excellency :

I have the honor to refer to the Agriculture Commodities Agreement between the Government of the United States of America and the Government of Pakistan signed today.

I wish to confirm my Government's understanding of the Agreement reached in conversations which have taken place between the Government of Pakistan and the Embassy of the United States of America with respect to wheat flour. It is understood that the Purchase Authorization for wheat will also permit the purchase of wheat flour. Your Government undertakes to notify the flour importers that licenses in reasonable amounts may be issued under the provisions of this agreement.

Your Government reserves the right to raise the question with the United States if the import of flour under this Purchase Authorization harms the Pakistan economy.

James M. LANGLEY  
Ambassador

His Excellency Syed Amjad Ali  
Minister of Finance  
Karachi

X

*The Pakistani Minister of Finance to the American Ambassador*

MINISTER OF FINANCE  
GOVERNMENT OF PAKISTAN

Karachi the 15 November, 1957

Dear Mr. Ambassador,

I have the honour to refer to the Agricultural Commodities Agreement between the Government of Pakistan and the Government of the United States of America signed today.

I wish to confirm my Government's understanding of the agreement reached in conversations which have taken place between the Government of Pakistan and the Embassy of the United States of America with respect to wheat flour. It is understood that the Purchase Authorisation for wheat will also permit the purchase of wheat flour. My Government undertakes to notify the flour importers that licences in reasonable amounts may be issued under the provisions of this Agreement.

My Government reserves the right to raise the question with the United States if the import of flour under this Purchase Authorisation harms the Pakistan economy.

Yours sincerely,

S. AMJAD ALI  
Minister for Finance

His Excellency Mr. James M. Langley  
Ambassador of the United States of America in Pakistan  
Karachi

## XI

*The American Ambassador to the Pakistani Minister of Finance*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

EMBASSY OF THE UNITED STATES OF AMERICA

Karachi, November 15, 1957

Excellency :

I have the honor to refer to the Agriculture Commodities Agreement between the Government of the United States of America and the Government of Pakistan signed today.

I wish to confirm your Government's undertaking that it will not offer rice for export during the period ending June 30, 1958 except for a maximum of 30,000 tons of superior grades of rice known as Basmati, Parmal and Begmi.

The Government of Pakistan will report to the Embassy of the United States of America monthly the shipments made during the preceding month of the above named superior grades of rice.

James M. LANGLEY  
Ambassador

His Excellency Syed Amjad Ali  
Minister of Finance  
Karachi

## XII

*The Pakistani Minister of Finance to the American Ambassador*MINISTER OF FINANCE  
GOVERNMENT OF PAKISTAN

Karachi the 15 November, 1957

Dear Mr. Ambassador,

I have the honour to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Pakistan signed today.

I wish to confirm my Government's undertaking that it will not offer rice for export during the period ending June 30, 1958 except for a maximum of 30,000 tons of superior grades of rice known as Basmati, Parmal and Begmi.

The Government of Pakistan will report to the Embassy of the United States of America monthly the shipments made during the preceding month of the above named superior grades of rice.

Yours sincerely,

S. AMJAD ALI  
Minister for Finance

His Excellency Mr. James M. Langley  
Ambassador of the United States of America in Pakistan  
Karachi