

No. 4812

**UNITED STATES OF AMERICA
and
PAKISTAN**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at Ka-
rachi, on 26 November 1958**

Official text: English.

Registered by the United States of America on 2 July 1959.

**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
échange de notes). Signé à Karachi, le 26 novembre
1958**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 2 juillet 1959.

No. 4812. AGRICULTURAL COMMODITIES AGREEMENT¹
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 26 NOVEMBER 1958

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 in these commodities, unduly disrupt world prices of agricultural commodities, or disrupt normal patterns of commercial trade with friendly countries ;

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 rupees 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, as specified below, of surplus agricultural commodities to Pakistan 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 PAKISTAN RUPEES

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 pur-

¹ Came into force on 26 November 1958, upon signature, in accordance with article VI.

chasers authorized by the Government of Pakistan, for Pakistan rupees, of the following agricultural commodities determined to be surplus pursuant to the Act in the amount indicated :

| <i>Commodity</i> | <i>Amount (Millions)</i> |
|--------------------------------------|------------------------------|
| Wheat and wheat products | \$53.7 |
| Soybean/cottonseed oil | 7.0 |
| Rice | 7.2 |
| Cotton (extra long staple) | 1.7 |
| Dairy products | .15 |
| Ocean transportation | 12.4 |
| TOTAL | \$82.15 |

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this agreement for \$28.4 million worth of wheat and for all other commodities in the amounts provided herein. Purchase authorizations will be issued for the balance of the funds provided for wheat on or before September 1, 1959. They 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.

The two Governments agree that the issuance of purchase authorizations for wheat providing for purchase after June 30, 1959, shall be dependent upon the determination by the United States Government that wheat is in surplus supply and available under Title I, of the Act at that time. The two Governments agree that the financing of further sales of wheat beyond June 30, 1959, may be terminated or continued at a reduced level if it is determined by either Government that continuance of wheat sales at the agreed level is not justified on economic grounds or for foreign policy reasons.

Article II

USES OF RUPEES

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 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 :

1. For the United States expenditures under sub-sections (a), (b), (c), (d), (f), (h), (i), (k), (l), (m), (n) and (o) of Section 104 of the Act, or under any or such sub-sections, the Pakistan rupee equivalent of \$22.35 million. Uses under sub-section (k), (l), (m), (n) and (o) are subject to legislative action by the Congress of the United States.

2. To provide assistance of the types provided for under sub-section 104 (j) of the Act, an amount not to exceed the rupee equivalent of \$0.5 million.

3. 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 of Washington in Pakistan incident thereto the rupee equivalent of \$12.3 million, but not more than 15 percent of the currencies received under the 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 Pakistan for business development and trade expansion in Pakistan and to United States firms and 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. In the event the rupees set aside for loans under Section 104 (e) of the Act, as amended, 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 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, as amended.
- (b) Loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Pakistan acting through the State Bank of Pakistan. The Governor of the State Bank of Pakistan, or 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.
- (c) Upon receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will inform the State Bank of Pakistan 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 Export-Import Bank is prepared to act favorably upon an application it will so notify the State Bank of Pakistan 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 Pakistan 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 Export-Import Bank is prepared to act favorably upon an application the State Bank of Pakistan will indicate to the Export-Import Bank whether or not the State Bank of Pakistan has any objection 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.

4. For a grant to the Government of Pakistan under sub-section (e) of Section 104 of the Act, the rupee equivalent of not more than \$12.3 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Pakistan, as may be mutually agreed upon, with emphasis on non-self-liquidating projects particularly in health and education.

5. For a loan to the Government of Pakistan under sub-section (g) of Section 104 of the Act, the rupee equivalent of not more than \$34.7 million for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Pakistan, as may be mutually agreed upon. It is understood that the loan will be denominated in dollars with payment of principal and interest to be made in rupees, such payments in rupees to be made at the applicable exchange rate as defined in the loan agreement. The terms and conditions of the loan and other provisions will be set forth in a supplemental loan agreement between the two Governments.

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 the Agreement is less than the rupees equivalent of \$82.15 million the amount available for a loan to the Government of Pakistan under Section 104 (g) may be reduced by the amount of such difference; in the event the total rupee deposit exceeds the equivalent of \$82.15 million, 58 percent may be available for the loan under 104 (g) and 42 percent for any use or uses authorized under Section 104 of the Act as determined by the Government of the United States of America.

In the event that the rupees set aside for grants and loans under paragraphs 4 and 5 of this Article 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 grant and 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.

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 preferential rate) in effect on the

dates of dollar disbursement by United States banks or by the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERSTANDINGS

The Government of Pakistan agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purpose (except where such resale, transshipment 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 for export from Pakistan of these or like commodities.

The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to the Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or disrupt normal patterns of commercial trade with friendly countries.

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.

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 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 matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

Article VI

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 at Karachi, this twenty-sixth day of November, 1958.

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 :

M. SHOAB
Minister for Finance

[SEAL]

EXCHANGE OF NOTES

I

EMBASSY OF THE UNITED STATES OF AMERICA

No. 480

Karachi, November 26, 1958

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.¹

I wish to confirm your Government's understanding that it will not offer wheat for export during the period ending June 30, 1959, and also for the period between July 1, 1959, and June 30, 1960.

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

James M. LANGLEY

His Excellency M. Shoaib
Minister of Finance
Karachi

¹ See p. 4 of this volume.

II

MINISTER OF FINANCE
GOVERNMENT OF PAKISTAN

Karachi the 26th Nov., 1958

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 to-day.

I wish to confirm my Government's understanding that it will not offer wheat for export during the period ending June 30, 1959 and also for the period between July 1, 1959 and June 30, 1960.

Yours sincerely,

M. SHOAIB
Minister for Finance

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

III

EMBASSY OF THE UNITED STATES OF AMERICA

No. 481

Karachi, November 26, 1958

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 the deposit rate for rupees generated under this program. It is understood that with the current exchange system in Pakistan, the deposit rate would be the BC (Bill for Collection) selling rate.

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

James M. LANGLEY

His Excellency M. Shoaib
Minister of Finance
Karachi

No. 4812

IV

MINISTER OF FINANCE
GOVERNMENT OF PAKISTAN

Karachi the 26th Nov., 1958

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 to-day.

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 the deposit rate for rupees generated under this programme. It is understood that with the current exchange system in Pakistan, the deposit rate would be the BC (Bill for Collection) selling rate.

Yours sincerely,

M. SHOAIB
Minister for Finance

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

V

EMBASSY OF THE UNITED STATES OF AMERICA

No. 482

Karachi, November 26, 1958

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 understanding that it will not offer rice for export during the period ending June 30, 1959, except for 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.

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

James M. LANGLEY

His Excellency M. Shoaib
Minister of Finance
Karachi

No. 4812

VI

MINISTER OF FINANCE
GOVERNMENT OF PAKISTAN

Karachi the 26th Nov. 1958

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 undertaking that it will not offer rice for export during the period ending June 30, 1959 except for 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,

M. SHOAIB
Minister for Finance

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

VII

EMBASSY OF THE UNITED STATES OF AMERICA

No. 483

Karachi, November 26, 1958

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.

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

James M. LANGLEY

His Excellency M. Shoaib
Minister of Finance
Karachi

VIII

MINISTER OF FINANCE
GOVERNMENT OF PAKISTAN

Karachi the 26th Nov., 1958

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 to-day.

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. 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 Authorization harms the Pakistan economy.

Yours sincerely,

M. SHOAIB
Minister for Finance

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

IX

EMBASSY OF THE UNITED STATES OF AMERICA

No. 484

Karachi, November 26, 1958

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of Pakistan and the Government of the United States of America signed today, and to confirm the following understandings of that Agreement reached in conversations between officials of this Embassy and of the Government of Pakistan.

With regard to the rupees accruing to uses indicated under Article II of the Agreement, I have the honor to state that the understanding of the Government of the United States of America is as follows :

1. *With respect to paragraph 4 of Article II :*

The Government of Pakistan will use the amount of local currency granted to it by the United States pursuant to paragraph 4 of Article II of the Agreement for financing such projects to promote economic development, with emphasis on non-self-liquidating projects particularly in health and education, as may from time to time be agreed upon by the United States Operations Mission and the appropriate representatives of the Government of Pakistan.

2. *With respect to paragraph 5 of Article II :*

The Government of Pakistan will use the amount of local currency loaned to it by the United States pursuant to a Loan Agreement under paragraph 5 of Article II of the Agreement for financing such projects to promote economic development as may from time to time be agreed upon between the United States Operations Mission and the appropriate representatives of the Government of Pakistan.

3. *With respect to both paragraphs 4 and 5 of Article II :*

Local currency will be advanced or reimbursed to the Government of Pakistan for financing agreed projects under paragraphs 4 and 5 of Article II of the Agricultural Commodities Agreement upon the presentation of such documentation as the United States Operations Mission may specify. The Government of Pakistan shall maintain or cause to be maintained books and records adequate to identify the goods and services financed for agreed projects pursuant to paragraphs 4 and 5 of Article II of the Agricultural Commodities Agreement, to disclose the use thereof in the projects and to record the progress of the projects (including the cost thereof). The books and records with respect to each project shall be maintained for the duration of the project, or until the expiration of three years after final disbursement for the project has been made by the USOM, whichever is later. The two Governments shall have the right at all reasonable times to examine such books and records and all

other documents, correspondence, memoranda and other records involving transactions relating to agreed projects. The Government of Pakistan shall enable the USOM to observe and review agreed projects and the utilization of goods and services financed under the projects, and shall furnish to the USOM all such information as it shall reasonably request concerning the above-mentioned matters and the expenditures related thereto. The Government of Pakistan shall afford, or arrange to have afforded, all reasonable opportunity for authorized representatives of the Government of the United States to visit any part of the territory of Pakistan for purposes related to agreed projects.

If the USOM determines that any disbursement under paragraphs 4 and 5 of Article II of the Agricultural Commodities Agreement made by it for agreed projects is not supported by the documentation submitted by the Government of Pakistan, is not made in accordance with the terms of this agreement or any applicable agreement or arrangement between the Government of the United States and the Government of Pakistan, or is in violation of any applicable laws or regulations of the United States Government, the Government of Pakistan shall pay to the USOM as may be requested by it, an amount in local currency not to exceed the amount of such disbursement. Where any payment is made by the Government of Pakistan to the USOM pursuant to the preceding sentence on the basis of a disbursement which has been charged as an advance under the line of credit established by the loan agreement, the total amount charged as advances under the line of credit shall be reduced by the amount of such payment.

The USOM shall expend funds for agreed projects only in accordance with the applicable laws and regulations of the United States Government. The USOM may decline to make further disbursements for any agreed projects if it determines that further disbursements would not fulfil the purpose of paragraphs 4 or 5 of Article II of the Agricultural Commodities Agreement.

With regard 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 \$300,000 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, as amended, I have the honor to state that the understanding of the Government of the United States of America is as follows :

- (1) The Government of Pakistan will provide facilities for the conversion of the rupee equivalent of \$300,000 accruing under the subject agreement for agricultural market development purposes into currencies other than United States dollars on request of the Government of the United States of America on the understanding that the amount to be converted shall not exceed the equivalent of \$150,000 per year. 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) The Government of the United States of America may utilize rupees to procure in Pakistan, goods and services needed in connection with agricultural market development projects and activities in other countries.
- (3) The Government of the United States of America may utilize rupees in Pakistan to pay for international transportation and travel originating either in Pakistan or in the United States, including connecting transportation.

Imports of wheat under Title I of the Act shall be over and above usual commercial imports from all sources during the U. S. fiscal year 1959 which shall be not less than 75,000 metric tons. For the U. S. fiscal year 1960, the import of wheat by Pakistan from commercial sources shall be considered at the time paragraph 3 of Article I of the Agricultural Commodities Agreement is considered by the two governments.

Reference to the United States Operations Mission in this note shall be deemed to include any successor agency of the Government of the United States of America.

I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of Pakistan.

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

James M. LANGLEY

His Excellency M. Shoaib
Minister of Finance
Karachi

X

MINISTER OF FINANCE
GOVERNMENT OF PAKISTAN

Karachi the 26th Nov. 1958

Dear Mr. Ambassador,

I have the honour to acknowledge the receipt of your letter dated the 26th November, 1958 containing the understandings in respect to the Agricultural Commodities Agreement signed today, the text of which is reproduced below :

[See note IX]

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

Yours sincerely,

M. SHOAIB
Minister for Finance

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