

No. 5302

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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 exchange of notes). Signed at Karachi,  
on 11 April 1960**

*Official text: English.*

*Registered by the United States of America on 12 August 1960.*

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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  
échange de notes). Signé à Karachi, le 11 avril 1960**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 12 août 1960.*

No. 5302. 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 11 APRIL 1960

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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 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 purchasers authorized by the Government of Pakistan for Pakistan rupees, of wheat determined to be surplus pursuant to the Act up to the amount indicated :

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<sup>1</sup> Came into force on 11 April 1960, upon signature, in accordance with article VI.

<i>Commodity</i>	<i>Amount (million)</i>
Wheat and wheat products . . . . .	\$61.4
Ocean transportation . . . . .	10.8
	\$72.2

Applications for purchase authorizations shall be made not later than 90 calendar days after the effective date of this agreement for \$33.8 million worth of wheat for U.S. Fiscal Year 1961. Applications for purchase authorizations for the financing of additional wheat for U.S. Fiscal Year 1962 will be made on or before September 1, 1961. The amount for financing additional wheat will be determined after review by the two Governments prior to June 30, 1961 taking into account such factors as changes in production, consumption, stocks and other related factors. Purchase authorizations 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, 1961, shall be dependent upon the determination by the United States Government that wheat is in surplus supply and available for sale under Title I, of the Act at that time. The United States Government shall have the right to terminate the financing of further sales of wheat under this Agreement if it determines at any time after June 30, 1961, that such action is necessitated by the existence of an international emergency.

## *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 subsections (a) (b) (c) (d) (f) (h) (i) (j) (k) (l) (m) (n) (o) (p) (q) and (r) of Section 104 of the Act, or under any such subsections, the Pakistan rupee equivalent of \$14.4 million.

2. 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 \$7.2 million, but not more than 25 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.

3. For a grant to the Government of Pakistan under subsection (e) of Section 104 of the Act, the rupee equivalent of not more than \$25.3 million for

financing such projects to promote a balanced economic development as may from time to time be mutually agreed.

4. For a loan to the Government of Pakistan under subsection (g) of Section 104 of the Act, the rupee equivalent of not more than \$25.3 million, for financing such projects to promote economic development as may be mutually agreed. The terms and conditions of the loan and other provisions will be set forth in a separate 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 rupee equivalent of \$72.2 million, or a lesser amount that may be agreed upon by the two Governments, 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 \$72.2 million, 70 percent may be available for the loan under 104 (g) and 30 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 3 and 4 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*

##### 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 at Karachi, this eleventh day of April, 1960.

For the Government  
of the United States of America :

William M. ROUNTREE  
Ambassador

of the United States of America  
in Pakistan

[SEAL]

For the Government  
of Pakistan :

M. SHOAIB  
Minister for Finance

[SEAL]

## EXCHANGE OF NOTES

## I

*The American Ambassador to the Pakistani Minister of Finance*

EMBASSY OF THE UNITED STATES OF AMERICA

No. 653

Karachi, April 11, 1960

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today<sup>1</sup> between the Government of the United States of America and the Government of Pakistan (hereinafter referred to as the Agreement) and, with regard to the rupees accruing to uses under Article II of the Agreement, to state that the understanding of the Government of the United States of America is as follows :

1. With respect to Article II, paragraph 1 of the Agreement :

The Government of Pakistan will provide facilities for the conversion of the rupee equivalent of \$700,000 accruing under the subject agreement for agricultural market development purposes into currencies other than United States dollars on the understanding that the amount to be converted under this Agreement shall not exceed \$350,000 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.

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.

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.

2. With respect to Article II, paragraph 3 of the Agreement :

Uses of Section 104 (e) rupees : The Government of Pakistan will use the amount of local currency granted to it by the United States pursuant to paragraph 3 to promote balanced economic development with emphasis upon financing food reserves storage structures and facilities as may from time to time be agreed upon by the United States Operations Mission and appropriate representatives of the Government of Pakistan.

3. Imports of wheat under Title I of the Act shall be over and above usual commercial imports from all sources during each U.S. Fiscal Year 1961, 1962, and 1963 which shall be not less than 75,000 metric tons, subject to review by the

<sup>1</sup> See p. 252 of this volume.

two Governments at the end of U.S. Fiscal Year 1961 and U.S. Fiscal Year 1962.

4. Pakistan shall not export wheat during the period ending June 30, 1963.

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.

William M. ROUNTREE

His Excellency M. Shoaib  
Minister of Finance  
Karachi

## II

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

MINISTER OF FINANCE  
GOVERNMENT OF PAKISTAN

Karachi, the 11th April, 1960

Dear Mr. Ambassador,

I have the honour to acknowledge with thanks the receipt of your letter dated April 11th, 1960, containing the understanding in respect of the Agricultural Commodities Agreement signed today, 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,

M. SHOAIB  
Minister for Finance

His Excellency William M. Rountree  
Ambassador of the United States of America in Pakistan