

No. 6141

**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 Kara-
chi, on 14 October 1961**

Official text: English.

Registered by the United States of America on 7 May 1962.

**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 14 octobre 1961**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 7 mai 1962.

No. 6141. 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 14 OCTOBER 1961

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

Recognizing the unique opportunity that now exists for a sustained cooperative effort undertaken by both Governments to ensure the continuing development and progress of the agricultural sector of Pakistan's economy ;

Recognizing that the United States of America, by undertaking a four-year program of sharing its abundance of agricultural commodities while the Government of Pakistan devotes its energies and resources toward achieving agricultural self-sufficiency can make a significant contribution to Pakistan's second five-year plan and to her efforts to meet current food requirements, establish food reserves, increase agricultural production and stabilize food prices ;

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

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 or normal patterns of trade with friendly countries ;

Desiring to set forth the understandings which will govern the sales, as specified below, of surplus agricultural commodities to the Government of 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 such trade in such commodities ;

Have agreed as follows :

¹ Came into force on 14 October 1961, upon signature, in accordance with article VI.

Article I

SALES FOR PAKISTAN RUPEES

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Pakistan of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sales for Pakistan rupees to purchasers authorized by the Government of Pakistan of the following agricultural commodities in the amounts indicated :

<i>Commodity</i>	<i>Export Market Value (Millions)</i>
Wheat and wheat products	\$ 341.1
Feedgrains	23.6
Cotton (extra long staple)	9.6
Cotton (upland)	6.3
Tobacco	8.0
Cottonseed and/or soybean oil	127.65
Nonfat dry skim milk	1.8
Dried eggs	0.6
Poultry (frozen)	0.4
Tallow (inedible)	16.0
Ocean transportation	86.5
	<hr/>
TOTAL	\$ 621.55

2. Applications for purchase authorizations for \$108.0 million of wheat, \$5.9 million of feedgrains, \$6.3 million of upland cotton, \$2.4 million of tobacco, \$28.7 million of cottonseed and/or soybean oil, \$450 thousand of nonfat dry milk, \$125 thousand of dried eggs, \$400 thousand of poultry, \$4.0 million of tallow and certain ocean transportation, will be made within 90 calendar days after the effective date of this Agreement for procurement during United States fiscal year 1962. The amount for subsequent years will be determined on the basis of annual review to be made by the two Governments prior to the beginning of each United States fiscal year 1962-64. The reviews shall take into account United States stocks position, changes in Pakistan's production, consumption, and stocks of food grains, other imports from the United States and countries friendly to the United States, storage facilities, the extent to which agreement has been reached on the use of grant and loan funds, and other related matters. Purchase authorizations will include provisions relating to the sale and delivery of commodities, including the classes, types and/or varieties of food grain, the time and circumstances of deposit of the rupees accruing from such sale, and other relevant matters.

3. The two Governments agree that the issuance of purchase authorizations for agricultural commodities providing for purchase after June 30, 1962, shall be depen-

dent upon the determination by the United States Government that these commodities are available under Title I of the Act at that time. The United States Government shall have the right to terminate the financing of further sales under this Agreement of any commodity if it determines at any time after June 30, 1962, that such action is necessitated by the existence of an international emergency.

Article II

USES OF PAKISTAN RUPEES

The rupees accruing to the Government of the United States of America as a consequence of 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 shall determine, for the following purposes in the amounts shown :

1. For United States expenditures under subsections (a), (b), (c), (d), (f), (h) through (r) of Section 104 of the Act or under any of such subsections, six percent of the rupees received under the agreement.
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, five 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 seven 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, 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 favourably 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 grants to the International Bank for Reconstruction and Development under subsection (e) of Section 104 of the Act, in partial payment of the United States obligation under the Indus Basin Development Fund Agreement,¹ 19% of the rupees accruing pursuant to the agreement.

4. For grants to the Government of Pakistan under subsection (e) of Section 104 of the Act, 50 percent of the rupees accruing pursuant to this agreement for financing such projects to promote balanced economic development as may from time to time be mutually agreed.

5. For loan to the Government of Pakistan under subsection (g) of Section 104 of the Act, for financing such projects to promote balanced economic development as may be mutually agreed, including projects not heretofore included in plans of the Government of Pakistan, 20 percent of the rupees accruing pursuant to this agreement. The terms and conditions of the loan and other provisions will be set forth in a separate agreement.

In the event that agreement is not reached on the use of the rupees for grant or loan purposes within six years from the date of this agreement, the Government of the United States of America may use the local currency for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF RUPEES

1. The amount of rupees to be deposited to the account of the United States shall be the equivalent of the dollar sales value of the commodities and ocean trans-

¹ United States of America : *Treaties and Other International Acts Series* 4671.

portation costs reimbursed or financed by the Government of the United States (except excess costs resulting from the requirement that United States flag vessels be used) converted into rupees, as follows :

- (a) at the rate for dollar exchange applicable to commercial import transactions on the date of dollar disbursements by the United States provided that a unitary exchange rate applying to all foreign exchange transactions is maintained by the Government of Pakistan, or
- (b) if more than one legal rate for foreign exchange transactions exists, the rate of exchange shall be mutually agreed upon from time to time between the Government of the United States and the Government of Pakistan.

2. In the event that a subsequent agricultural commodities agreement or agreements should be signed by the two Governments under the Act, any refunds of rupees which may be due or become due under this agreement more than six years from the effective date of this agreement would be made by the Government of the United States of America from funds available from the most recent agricultural commodities agreement in effect at the time of the refund.

Article IV

GENERAL UNDERTAKINGS

1. 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 purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the agricultural commodities purchases 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 for export from Pakistan.

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

3. In carrying out this Agreement, the two Governments will seek to assure, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for agricultural commodities.

4. The Government of Pakistan agrees to furnish, upon request of the United States of America, information on the progress of the program, particularly with respect to the arrival and condition of commodities and the provisions for the main-

tenance 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

The 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 in duplicate this fourteenth day of October 1961.

For the Government
of Pakistan :

M. SHOAIB
Minister for Finance
14 Oct 1961
[SEAL]

For the Government
of the United States of America :

Orville L. FREEMAN
Secretary of Agriculture
[SEAL]

EXCHANGE OF NOTES

I

The United States Secretary of Agriculture to the Pakistani Minister of Finance

EMBASSY OF THE UNITED STATES OF AMERICA
KARACHI, PAKISTAN

October 14, 1961

No. 284

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement signed today¹ between the Government of the United States of America and the Govern-

¹ See p. 238 of this volume.

ment of Pakistan (hereinafter referred to as the Agreement) and, with regard to the rupees accruing to uses indicated 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 2 % of the total rupees 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. 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 in Pakistan to pay for 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 travel originating in Pakistan, or originating outside Pakistan when involving travel to or through Pakistan including connecting travel, and for air travel within the United States or other areas outside Pakistan when it is part of a trip in which the traveler journeys from, to, or through Pakistan for personnel of the United States Government and for persons traveling in connection with activities financed by the U.S. Government under Section 104 of the Act, as amended, including official delegations of the United States Department of Agriculture.

The Government of Pakistan will, upon request by the United States Government convert \$3,201,000 of the funds earmarked for United States uses into other non-dollar currencies for use in connection with United States educational activities in other countries.

2. With respect to Article II, paragraph 4 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 reserve 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. I wish to confirm my Government's understanding that imports of agricultural commodities under Title I of the Act shall be over and above usual commercial imports from the United States and countries friendly to the United States during each United States' fiscal year 1962-65 of not less than 75,000 MT of wheat, 1 million pounds of nonfat dry milk, 12 million pounds of inedible tallow and 5,000 MT of edible oils. These figures may be adjusted or reduced on the basis of a review of Pakistan's food supply, financial position, and other relevant factors to be made by the two Governments prior to the beginning of each fiscal year. The first such review will be undertaken in June 1962.

4. It is further understood that the sale of wheat or wheat flour in itself under this agreement will not result in a reduction of the quantity of rice normally available from domestic production and imports for consumption in Pakistan.

5. I wish to confirm my Government's understanding that imports of Title I cotton will not make available for export, additional quantities of Pakistan cotton, yarns, or textiles. It is agreed that Pakistan shall not export upland cotton having a staple length of 1 $\frac{1}{16}$ " or longer during the period Title I cotton is being utilized.

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.

Orville L. FREEMAN
Secretary of Agriculture
Government of the United States
of America

His Excellency M. Shoaib
Minister of Finance
Karachi

II

The Pakistani Minister of Finance to the United States Secretary of Agriculture

MINISTER OF FINANCE
GOVERNMENT OF PAKISTAN

Karachi the 14th Oct., 1961

Dear Mr. Secretary,

I have the honour to acknowledge with thanks the receipt of your letter dated October 14, 1961 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

14 Oct 1961
Orville L. Freeman, Esqr.
Secretary of Agriculture
Government of the United States of America