

No. 6614

**UNITED STATES OF AMERICA
and
PAKISTAN**

**Exchange of notes constituting an agreement relating to the
commitment of funds to the revised Pakistan Second
Five-Year Plan. Karachi, 25 July 1962**

Official text: English.

Registered by the United States of America on 15 April 1963.

**ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN**

**Échange de notes constituant un accord relatif à l'engage-
ment de fonds pour le deuxième Plan quinquennal
révisé du Pakistan. Karachi, 25 juillet 1962**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 15 avril 1963.

No. 6614. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND PAKISTAN RELATING TO THE COMMITMENT OF FUNDS TO THE REVISED PAKISTAN SECOND FIVE-YEAR PLAN. KARACHI, 25 JULY 1962

I

*The American Ambassador to the Pakistani Secretary, Economic Affairs Division,
President's Secretariat*

EMBASSY OF THE UNITED STATES OF AMERICA

No. 70

Karachi, July 25, 1962

Sir :

I have the honor to refer to recent conversations between representatives of our two Governments and with representatives of other members of the Pakistan Consortium concerning the advance commitment of funds to the revised Pakistan Second Five-Year Plan (hereinafter referred to as the " Plan ") considered by the Consortium at the meetings held from January 24-26, 1962.

Your Government has requested that the Pakistan Consortium make available a total of \$945 million to finance the foreign exchange requirements of the second and third years of the Plan. I am now pleased to inform you that my Government will make available \$500 million for this purpose, during the period from July 1, 1961 to June 30, 1963, pursuant to the understandings and agreements reached at the Consortium meetings in January 1962, and in consideration of the pledges made by other Consortium members in those meetings to provide the funds requested for this portion of the Plan. The United States commitment, which is made on the terms and conditions and subject to the limitations stated below, includes the \$150 million pledged by my Government at the June 1961 Consortium meeting and consists of the following : \$25 million of Fiscal Year 1962 Supporting Assistance funds; \$200 million of Fiscal Year 1962 Development Loan funds; \$225 million of Fiscal Year 1963 Development Loan funds, subject to appropriation by Congress; and \$50 million of Export-Import Bank of Washington loans to the extent that specific applications meeting the requirements and criteria of the Bank are received. It is anticipated that the

¹ Came into force on 25 July 1962 by the exchange of the said notes.

majority of United States funds thus committed would be expended on specific high priority development projects included in the Plan. Considerable United States financing of high priority program imports of raw materials and other requisites to maintenance and expansion of industrial agricultural and institutional¹ operations is also contemplated.

The above mentioned assistance will be made available pursuant to specific loan and grant agreements. The Export-Import Bank policy requires that all of its loans be used exclusively for procurement in the United States. All other goods and services financed pursuant to this Agreement will be procured in the United States to the maximum extent feasible as determined by the Agency for International Development. Development loan assistance committed by this Agreement must meet the criteria of the Foreign Assistance Act of 1961, as heretofore or hereafter amended, which include consideration of self-help, absorptive capacity of the economy, sound planning and measures to promote social justice.

Your Government, in connection with its Plan submission to the Consortium, committed itself to increase revenue and other internal savings calculated to provide approximately 70 percent of the local currency requirements of the Plan and to the accomplishment of certain other measures and reforms important to the success of the plan. These measures include, among others, incorporation of new projects into the Plan only by substitution or other adjustment within the agreed financial limits and the giving of first priority to Plan projects and the Indus Waters program in calls on counterpart funds and local currency proceeds accruing from sales under the Agricultural Trade Development and Assistance Act of 1954, as amended. This Agreement is entered into in reliance on this commitment by your Government and with the understanding and expectation that the Government of Pakistan will continue to use every effort to carry out the Plan. Our Governments will make arrangements for periodic consultation and regular exchange of information with respect to the progress of the Plan and achievements thereunder.

I have the honor to propose that, if the foregoing understandings are acceptable to your Government, this note and your note in reply concurring therein shall

¹ According to information provided by the United States of America this should read " industrial, agricultural and institutional ".

constitute an agreement between our two Governments, which shall enter into force on the date of your reply.

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

Walter P. McCONAUGHY

The Honorable S. Osman Ali, S.Q.A., CSP,
Secretary, Economic Affairs Division
President's Secretariat
Karachi

II

*The Pakistani Secretary, Economic Affairs Division, President's Secretariat, to the
American Ambassador*

GOVERNMENT OF PAKISTAN
ECONOMIC AFFAIRS DIVISION
KARACHI

July 25, 1962

Dear Mr. Ambassador,

I have the honour to acknowledge with thanks the receipt of your letter dated July 25, 1962, regarding the advance commitment of \$500 million made by the Government of the United States of America at the Consortium meetings, the text of which is reproduced below :—

[See note I]

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

Yours sincerely,

S. OSMAN ALI
Secretary

His Excellency, Mr. Walter P. McConaughy
Ambassador of the United States of America
in Pakistan