

No. 7542

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**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
INDIA**

**Exchange of letters (with annex) constituting an agreement regarding the changes of the Government of the United Kingdom in their production and trade policies relating to cereals. London, 31 July 1964**

*Official text: English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on 13 January 1965.*

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**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD  
et  
INDE**

**Échange de lettres (avec annexe) constituant un accord relatif aux changements apportés par le Gouvernement du Royaume-Uni à sa politique en matière de production et de commerce de céréales. Londres, 31 juillet 1964**

*Texte officiel anglais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 13 janvier 1965.*

No. 7542. EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF INDIA REGARDING THE CHANGES OF THE GOVERNMENT OF THE UNITED KINGDOM IN THEIR PRODUCTION AND TRADE POLICIES RELATING TO CEREALS. LONDON, 31 JULY 1964

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I

*The Parliamentary Under-Secretary of State for Commonwealth Relations  
to the High Commissioner for India*

COMMONWEALTH RELATIONS OFFICE

31st July, 1964

My Dear High Commissioner,

I should like to refer to previous exchanges between the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of India regarding the changes which the Government of the United Kingdom have introduced in their production and trade policies relating to cereals. In framing their proposals, the Government of the United Kingdom have had in mind their responsibility for maintaining conditions under which a stable and efficient agricultural industry in the United Kingdom can develop its prosperity and also their responsibility as one of the major importers of cereals in the world towards their overseas cereals suppliers. The Government of the United Kingdom have also taken into account that they, and other countries who are major importers and exporters of cereals, are at present taking part in discussions in the Cereals Group of the General Agreement on Tariffs and Trade<sup>2</sup> convened for the negotiation of appropriate international arrangements for cereals under the terms of the resolution of Ministers at the Ministerial Meeting of the General Agreement on Tariffs and Trade, 21st May, 1963.<sup>3</sup>

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<sup>1</sup> Came into force on 31 July 1964 by the exchange of the said letters.

<sup>2</sup> See footnote 2, p. 118 of this volume.

<sup>3</sup> See footnote 3, p. 118 of this volume.

2. Pending the conclusion of long-term international cereals arrangements, the Government of the United Kingdom have declared their intention of introducing adaptations into their existing cereals policy with the objectives of promoting greater stability in the United Kingdom cereals market, and of maintaining a fair and reasonable balance between home production and imports. The measures which the Government of the United Kingdom have introduced for securing these objectives are : first, to restrain financial assistance so as to discourage the increase of domestic cereals production above a level consistent with these objectives, and second, to operate, in co-operation with their overseas suppliers, a system of minimum import prices for the main cereals, cereal products, and by-products.

3. As a result of exchanges between the Government of the United Kingdom and their four principal overseas suppliers of cereals, agreement has been reached on arrangements for co-operation in a system of minimum import prices. In addition, the Government of the United Kingdom have given certain assurances to their four principal overseas suppliers relating to continued access into the United Kingdom market for cereals imports, the benefits of which will also accrue to other suppliers.

4. The Government of the United Kingdom, after consultation with the Government of India and other co-operating Governments, have advised the Government of India of the cereals, cereal products and by-products for which minimum import prices have been prescribed. These commodities are set out in the attached Annex<sup>1</sup> and it is understood that the minimum import prices prescribed are acceptable to the Government of India. Any subsequent changes will be a matter for consultation between the Government of the United Kingdom and the co-operating Governments, and as regards any changes which affect the particular interests of the Government of India, the Government of the United Kingdom shall seek the agreement of the Government of India.

5. The Government of the United Kingdom shall take action to maintain the levels of the prescribed minimum import prices by such levies on imports as may be necessary for this purpose. Subject to your confirmation of the willingness of the Government of India to co-operate in these arrangements, the Government of the United Kingdom shall exempt from levies all imports of products in the attached Annex which originated in and were consigned from India to the United Kingdom except in the following circumstances :

- (i) When the general level of offering prices to the United Kingdom market from India for any product in the attached Annex is (after taking into account any customs duty chargeable) below the appropriate prescribed minimum import price for that product, the Government of the United Kingdom may, after noti-

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<sup>1</sup> See p. 160 of this volume.

fyng the Government of India, apply a levy generally equivalent to the difference between the two to that product for so long as such conditions make it necessary.

- (ii) When an individual parcel of any product in the Annex originated in and was consigned from India to the United Kingdom and the price paid for that parcel, together with any customs duty chargeable and any levy applicable under subparagraph (i) above, is less than the appropriate minimum price, a levy equal to the difference between the two may be applied.

In the circumstances described in sub-paragraphs (i) and (ii) above, such levies may be applied by the Government of the United Kingdom notwithstanding their commitments to the Government of India with respect to the products listed in the Annex, as specified in Schedule XIX<sup>1</sup> annexed to the General Agreement on Tariffs and Trade and under the Trade Agreement between the Government of the United Kingdom and the Government of India entered into on the 20th March, 1939.<sup>2</sup> It is also the intention of the Government of the United Kingdom that in the implementation of these arrangements suitable provision shall be made to avoid prejudice to normal trade practices of forward contracting.

6. The Government of the United Kingdom shall review the minimum import price arrangements before the beginning of each crop year commencing on the 1st July, or on request during a crop year, in consultation with the Government of India and other co-operating Governments. If it is found as a result of such a review that the minimum import price arrangements have resulted in an appreciable distortion of the pattern of trade in the products covered by this Letter between co-operating Governments supplying the United Kingdom and in consequence have damaged or threaten to damage the established trade interests of the Government of India, the Government of the United Kingdom shall take effective corrective action in consultation with the Government of India and other co-operating Governments and in accordance with the procedures outlined in paragraph 4 above to remedy the situation.

7. It is the intention of the Government of the United Kingdom so to operate the minimum import price system that it shall not result in an impairment of the benefits enjoyed by preferential suppliers from their existing preferences in the United Kingdom market. If it is found that this intention is not fulfilled or threatens not to be fulfilled, the Government of the United Kingdom shall take effective corrective action after consultation with other co-operating Governments.

8. In the light of all these considerations it is the understanding of the Government of the United Kingdom that the Government of India will co-operate so far as practicable in the operation and observance of minimum import prices prescribed

<sup>1</sup> See footnote 1, p. 122 of this volume.

<sup>2</sup> United Kingdom : Cmnd. 5966.

for the products covered in the Annex to this Letter subject to the understandings set out herein.

9. These arrangements may be terminated by either Government giving not less than four months' notice in writing. It is also understood that any measures taken as a result of this Exchange of Letters shall be terminated in so far as it is mutually agreed that they may be inconsistent with, or superseded by, the provisions of any later international arrangements to which both the Government of the United Kingdom and the Government of India are parties. Consultations regarding the operation of this agreement may be held at any time at the request of either Government.

10. If the foregoing is acceptable to the Government of India, I have to suggest that this Letter, together with its Annex, and your reply to that effect, shall be regarded as constituting an Agreement between the two Governments, which shall enter into force on this day's date.

Yours sincerely,

Richard HORNBY

#### ANNEX

#### COMMODITIES TO BE SPECIFIED

<i>Tariff heading</i>	<i>Description</i>
B.N. 10.01 . . . . .	Wheat and meslin.
B.N. 10.03 . . . . .	Barley.
B.N. 10.04 . . . . .	Oats.
Ex. B.N. 10.05 . . . . .	Maize other than sweet corn on the cob.
Ex. B.N. 10.07 . . . . .	Grain sorghum.
Ex. B.N. 11.01 . . . . .	Cereal flours other than rice flour.
Ex. B.N. 11.02 . . . . .	Cereal groats, cereal meals, other worked cereals and germs of cereals other than : (a) rice groats, rice meal, germ of rice and other worked rice ; (b) blocked, pot and pearled barley.
Ex. B.N. 23.02 . . . . .	Bran, sharps and other residues derived from the sifting, milling or working of cereals other than of rice, and excluding the residues of leguminous vegetables.

## II

*The High Commissioner for India to the Parliamentary Under-Secretary of State for  
Commonwealth Relations*

London, July 31, 1964

My Dear Minister,

I acknowledge the receipt of your Letter of the Thirty-First July, 1964, which reads as follows :

[See letter I]

2. In reply, I have to inform you that the foregoing is acceptable to the Government of India, who therefore regard your Letter, together with its Annex, and this reply as constituting an agreement between the two Governments in this matter which shall enter into force on this day's date.

Yours sincerely,

Jivraj N. MEHTA