

No. 7726

**UNITED STATES OF AMERICA
and
INDIA**

**Agricultural Commodities Agreement under Title I of the
Agricultural Trade Development and Assistance Act,
as amended (with exchange of notes). Signed at New
Delhi, on 30 September 1964**

**Exchange of notes constituting an agreement amending
the above-mentioned Agreement. New Delhi, 31 De-
cember 1964**

Official text: English.

Registered by the United States of America on 27 April 1965.

**ÉTATS-UNIS D'AMÉRIQUE
et
INDE**

**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 New Delhi, le 30 sep-
tembre 1964**

**Échange de notes constituant un avenant à l'Accord sus-
mentionné. New Delhi, 31 décembre 1964**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 27 avril 1965.

No. 7726. AGRICULTURAL COMMODITIES AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED
STATES OF AMERICA AND THE GOVERNMENT OF
INDIA UNDER TITLE I OF THE AGRICULTURAL
TRADE DEVELOPMENT AND ASSISTANCE ACT, AS
AMENDED. SIGNED AT NEW DELHI, ON 30 SEPTEMBER
1964

The Government of the United States of America and the Government of India :

Recognizing the unique opportunity that now exists for a sustained cooperative effort undertaken by both Governments to ensure an intensified development of the agricultural sector of India's economy;

Recognizing the challenge faced by Indian agriculture in providing the commodities needed to help feed and clothe the population of India;

Recognizing the determination of the Government of India to further the agricultural development of India through prices remunerative to the cultivators and reasonable to consumers; proceeding with land reform measures; intensifying the use of fertilizers and improved seeds to complement new programs for intensive irrigation and drainage; modernizing the modes of cultivation; improving credit arrangements for agricultural production and marketing; improving agricultural extension services and their closer association with agricultural research; and widening the economic and social horizons of the cultivators of the soil;

Recognizing that the United States, by undertaking a program of sharing its abundance of food and fibers—while the Government of India devotes its energies and resources toward developing its domestic agriculture—can make a significant contribution to India's Fourth Five-Year Plan and to her efforts to meet current food requirements, establish food reserves, increase agricultural production and stabilize food prices;

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 commercial trade with friendly countries;

¹ Came into force on 30 September 1964, upon signature, in accordance with article VI.

Considering that the purchase for Indian rupees of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Indian rupees accruing from such purchase 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 agricultural commodities to India 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 INDIAN RUPEES

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

<i>Commodity</i>	<i>Export Market Value (Millions)</i>
Wheat/wheat flour	\$274.5
Rice	36.1
Vegetable oil	18.9
Ocean transportation	68.8
	<u>TOTAL \$398.3</u>

2. Application for purchase authorizations will be made within 90 days after the effective date of this agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this agreement will be made within 90 days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of Indian rupees accruing from such sale, and other relevant matters.

3. The financing, sale and delivery of commodities under this agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

Article II

USES OF INDIAN RUPEES

The Indian 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 proportions shown.

A. For United States expenditures under subsections (a), (b), (d), (f) and (h) through (r) of Section 104 of the Act, or under any of such subsections, 10 percent of the Indian rupees accruing pursuant to this agreement.

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as AID) under Section 104 (e) of the Act and for administrative expenses of AID in India incident thereto, 10 percent of the Indian rupees accruing pursuant to this agreement. It is understood that :

- (1) Such loans will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in India for business development and trade expansion in India and to United States firms and Indian 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.
- (2) Loans will be mutually agreeable to AID and the Government of India, acting through the Department of Economic Affairs of the Ministry of Finance. The Secretary of the Department of Economic Affairs, or his designate, will act for the Government of India, and the Administrator of AID, or his designate, will act for AID.
- (3) Upon receipt of an application which AID is prepared to consider, AID will inform the Department of Economic Affairs 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.
- (4) When AID is prepared to act favorably upon an application, it will so notify the Department of Economic Affairs 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 that prevailing in India on comparable loans, and the maturities will be consistent with the purposes of the financing.
- (5) Within sixty days after the receipt of the notice that AID is prepared to act favorably upon an application, the Department of Economic Affairs will indicate to AID whether or not the Department of Economic Affairs has any objection to the proposed loan. Unless within the sixty-day period AID has

received such a communication from the Department of Economic Affairs, it shall be understood that the Department of Economic Affairs has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the Department of Economic Affairs.

- (6) In the event the Indian rupees set aside for loans under Section 104 (e) of the Act are not advanced within three years from the date of this agreement because AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the Department of Economic Affairs, the Government of the United States of America may use the Indian rupees for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of India under Section 104 (g) of the Act for financing projects to promote economic development as may be mutually agreed, 80 percent of the Indian rupees accruing pursuant to this agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the Indian rupees for loan purposes under Section 104 (g) of the Act within three years from the date of this agreement, the Government of the United States of America may use the Indian rupees for any purpose authorized by Section 104 of the Act.

Article III

DEPOSIT OF INDIAN RUPEES

1. The amount of Indian rupees to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into Indian rupees, as follows :

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

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Indian rupees which become due under this agreement or which become due under any prior agricultural commodities agreement. A reserve will be maintained under this agreement for two years from the effective date of this agreement which may be used for the payment of

such refunds. Any payment out of this reserve shall be treated as a reduction in the total rupees accruing to the Government of the United States of America under this agreement.

Article IV

GENERAL UNDERTAKINGS

1. The two Governments recognize that the agricultural commodities provided under this Agreement are intended to supplement and not replace agricultural production in India and accordingly the Government of India undertakes to exert its best efforts further to develop agricultural production in India with a view to meeting its domestic requirements on an economic basis and to reducing and eliminating as soon as practicable the need for PL 480 assistance.

2. The Government of India will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes of the agricultural commodities purchased pursuant to this agreement (except where such resale, transshipment or use is specifically approved by the Government of the United States of America); to prevent the export of any commodity of either domestic or foreign origin which is the same as, or like, the commodities purchased pursuant to this agreement during the period beginning on the date of this agreement and ending with the final date on which such commodities are received and utilized, (except where such export is specifically approved by the Government of the United States of America); and to assure that the purchase of such commodities does not result in increased availability of these or like commodities for export from India.

3. The two Governments will take reasonable precautions to assure that all sales and purchases of agricultural commodities pursuant to this 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.

4. 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.

5. The Government of India will furnish monthly information on the progress of the program, particularly with respect to the arrival and condition of commodities; provisions for the maintenance of usual marketings; and information relating to imports and exports of the same or like commodities.

Article V

CONSULTATIONS

The two Governments will, upon 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

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 New Delhi in duplicate this thirtieth day of September, 1964.

For the Government
of the United States of America :

Joseph N. GREENE, Jr.

For the Government
of India :

P. Govindan NAIR

EXCHANGE OF NOTES

I

*The American Minister-Counselor to the Indian Additional Secretary,
Department of Economic Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

New Delhi, India, September 30, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed today¹ and to inform you of my Government's understanding of the following :

(1) In expressing its agreement with the Government of the United States of America that the above-mentioned deliveries should not unduly disrupt world prices of agricultural commodities or impair trade relations among friendly nations, the Government of India agrees that :

(a) In addition to purchases under the terms of the cited sales agreement, it will procure and import with its own resources from the United States and

¹ See p. 322 of this volume.

countries friendly to the United States during the United States fiscal year 1965 the following agricultural commodities and if deliveries under the cited agreement extend into a subsequent period, the level of usual marketing requirements for such period will be determined at the time the request for extension of deliveries is made :

- (i) at least 200,000 tons of wheat,
- (ii) at least 250,000 metric tons of rice, and
- (iii) at least 90,000 metric tons of vegetable oil and the oil equivalent of copra (oil equivalent calculated at 65 percent of the weight of copra).

(b) In addition to the amounts stated in subparagraph (a) it will procure and import with its own resources from the United States and countries friendly to the United States as the shortfall from the United States fiscal year 1964 usual marketing obligation :

- (i) 86,000 metric tons of wheat during United States fiscal year 1965, and
- (ii) during United States fiscal years 1965 and 1966, 110,000 metric tons of rice less an adjustment to represent net imports to India from Nepal. At least one-half of this adjusted amount will be procured and imported during United States fiscal year 1965.

(c) The f.o.b. value of India's exports of edible vegetable oil and oil equivalent of peanuts exported for crushing (oil value calculated at 69 percent of the value of peanuts) excluding the value of hand-picked selected peanuts for direct human consumption during United States fiscal year 1965 will be no greater than the c.i.f. value of imports of vegetable oil and oil equivalent of copra (oil value calculated at 92 percent of the value of copra) from the United States and countries friendly to the United States, excluding imports under the cited agreement.

(2) With regard to paragraph 5 of Article IV of the agreement the Government of India agrees to furnish monthly the following information in connection with each shipment of commodities received under this Agricultural Commodities Agreement : The name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; the condition in which received; the date unloading was completed; and the disposition of the cargo, i.e., stored, distributed locally or if shipped where shipped. In addition, the Government of India agrees to furnish monthly : (a) a statement of measures it has taken to prevent the resale or transshipment of commodities furnished, (b) assurances that the program has not resulted in increased availability of the same or like commodities to other nations and (c) a statement by the Government showing progress made toward fulfilling commitments on usual marketings.

The Government of India further agrees that the above statements will be accompanied by statistical data on imports and exports by country of origin or destination of commodities which are the same as or like those imported under this agreement.

The Government of India also agrees that the monthly report containing the above information will be submitted to the Agricultural Attaché's Office of the American Embassy, New Delhi, by the end of the calendar month following the month during which the commodity was off-loaded.

(3) The Government of India will provide, upon request of the Government of the United States of America, facilities for conversion into other non-dollar currencies of the following amounts of rupees for purposes of Section 104 (a) of the Act, \$7.966 million worth or two percent of the rupees accruing under the agreement, whichever is the greater, to finance agricultural market development activities in other countries; and for purposes of Section 104 (b) of the Act and for the purposes of the Mutual Educational and Cultural Exchange Act of 1961, up to \$1.5 million worth of rupees to finance educational and cultural exchange programs and activities in other countries.

(4) The Government of the United States of America may utilize rupees in India to pay for travel which is part of a trip in which the traveler travels from, to or through India. It is understood that these funds are intended to cover only travel by persons who are traveling on official business for the Government of the United States of America or in connection with activities financed by the Government of the United States of America. It is further understood that the travel for which rupees may be utilized shall not be limited to services provided by the Indian transportation facilities.

I shall appreciate receiving your Excellency's confirmation of the above understanding.

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

Joseph N. GREENE, Jr.
Minister-Counselor

His Excellency P. Govindan Nair
Additional Secretary
Department of Economic Affairs
Government of India
New Delhi

II

*The Indian Additional Secretary, Department of Economic Affairs
to the American Minister-Counselor*

GOVERNMENT OF INDIA
MINISTRY OF FINANCE

New Delhi, India, September 30, 1964

Excellency :

I have the honour to refer to your Excellency's letter of today's date which reads as follows :

[See note I]

I have the honour to inform you that the contents of your letter represent the understanding of the Government of India.

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

P. Govindan NAIR

Additional Secretary to the Government of India

His Excellency Joseph N. Greene, Jr.
United States Minister
New Delhi

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
 BETWEEN THE UNITED STATES OF AMERICA AND
 INDIA AMENDING THE AGRICULTURAL COMMODI-
 TIES AGREEMENT OF 30 SEPTEMBER 1964.² NEW
 DELHI, 31 DECEMBER 1964

I

The American Ambassador to the Indian Additional Secretary

New Delhi, December 31, 1964

Excellency :

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of India dated September 30, 1964² and to propose that it be amended as follows :

1. Article I, Paragraph 1, change the commodity table to read as follows :

<i>Commodity</i>	<i>Export Market Value (\$ Million)</i>
Wheat/wheat flour	\$274.5
Rice	42.2
Vegetable oil	18.9
Inedible tallow	9.9
Corn	7.7
Ocean transportation (estimated)	73.5
	TOTAL \$426.7

2. Article II, Paragraph A, delete “ (r) ” and insert “ (t) ” and add at the end of the paragraph “ Not more than the rupee equivalent of two (2) million dollars will be used for the purposes of sub-sections (s) and (t). ”

3. Article II, sub-Paragraph B (4) will not require the Government of the United States of America to make loans with funds accruing under this amendment at interest rates of less than the cost of funds to the United States Treasury on comparable maturities.

¹ Came into force on 31 December 1964 by the exchange of the said notes.

² See p. 322 of this volume.

4. The United States note of September 30, 1964 :
- a. In numbered Paragraph (1) (a) add “ (iv) at least 7,000 metric tons of tallow ”.
 - b. In numbered Paragraph (3) replace “ \$7.966 million ” with “ \$8.524 million ” and replace “ \$1.5 million ” with “ \$1.675 million ”.

It is proposed that this note and your reply concurring therein shall constitute an agreement between the two Governments on this to enter into force on the date of your note in reply.

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

Chester BOWLES

His Excellency P. Govindan Nair
Additional Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
New Delhi

II

The Indian Additional Secretary to the American Ambassador

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
Additional Secretary

New Delhi, 31st December 1964

Excellency,

I have received your note dated the 31st December, 1964 reading as follows :

[See note I]

I have the honour to inform you that the foregoing amendments are acceptable to the Government of India. I agree that your note together with this

reply shall constitute an agreement between our two Governments effective on the date of this reply.

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

P. Govindan NAIR
Additional Secretary to the Govt. of India

His Excellency Chester Bowles
Ambassador of the United States of America
New Delhi