

No. 9912

UNITED STATES OF AMERICA
and
PAKISTAN

Supplementary agreement for sales of agricultural commodities (with annexes). Signed at Islamabad on 3 August 1967

Authentic text: English.

Registered by the United States of America on 1 October 1969.

ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN

Accord supplémentaire relatif à la vente de produits agricoles (avec annexes). Signé à Islamabad le 3 août 1967

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} octobre 1969.

SUPPLEMENTARY AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PAKISTAN FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of Pakistan, as a supplement to the Agreement for Sales of Agricultural Commodities between the two Governments signed on May 11, 1967² (hereinafter referred to as the May agreement), have agreed to the sales of commodities specified below. This supplementary agreement shall consist of the Preamble, Parts I and III, and the Local Currency Annex of the May agreement, together with the following Part II and the Convertible Local Currency Annex attached hereto.

PART II
PARTICULAR PROVISIONS

Item I. *Commodity Table*

<i>Commodity</i>	<i>Supply Period (United States Fiscal Year)</i>	<i>Approximate Maximum Quantity (Metric Tons)</i>	<i>Maximum Export Market Value (Millions)</i>
A. Convertible Local Currency Credit Wheat/ wheat flour	1968	309,000	\$21.4
Ocean transportation (estimated)			2.0
		Subtotal	\$23.4
B. Local Currency Terms Wheat/wheat flour	1968	691,000	47.8
Tallow.	1968	45,000	8.1
Soybean and/or cottonseed oil	1968	100,000	25.0
Cotton, extra long staple	1968	20,000 bales	4.1
Non-fat dry milk	1968	1,000	.5
		Subtotal	\$85.5
		TOTAL	\$108.9

Item II. *Payment Terms*

A. Convertible Local Currency Credit

1. Initial Payment — None

2. Number of Installment Payments — 31

¹ Came into force on 3 August 1967 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 685, No. 1-9767.

3. Amount of Each Installment — Approximately equal annual amounts
4. Due Date of First Installment Payment — 10 years after the date of last delivery of commodities in each calendar year
5. Initial Interest Rate — 1 percent
6. Continuing Interest Rate — 2½ percent

B. Local Currency Terms

1. Initial Payment in Dollars — None
2. Proportions of Local Currency Accruals Indicated for Specified Purposes
 - (a) United States expenditures — 8 percent, of which not more than \$1,495,000 shall be sold under Section 104 (j) of the Act, but the total available for United States expenditures shall not be less than the amount convertible under 3 below plus the amount sold under Section 104 (j);

(b) Section 104 (e) — 5 percent;

(c) Section 104 (f) loans — 57 percent;

Section 104 (f) grants — 30 percent, subject to reduction as may be necessary to provide the local currencies required for United States expenditures under (a) above. These funds are for financing Rural Works projects in Pakistan, but not less than 20 percent of the total local currencies accruing to the Government of the exporting country from sales of commodities under this agreement shall be used for the self-help measures described in Item V below, including those measures described in Item V of Part II of the May 11, 1967 Agricultural Commodities Sales Agreement. If no agreement is reached on the use of the local currency available for Section 104 (f) grants within three years from the date of this agreement, the Government of the exporting country may make available for any purpose authorized by Section 104 of the Act any of this local currency on which such agreement has not been reached.

3. Convertibility

(a) Section 104 (b) (1) — \$1,710,000

(b) Section 104 (b) (2) — \$1,495,000

(c) \$1,495,000 less the amount sold under Section 104 (j)

Item III. *Usual Marketing Table*

<i>Commodity</i>	<i>Import Period (United States Fiscal Year)</i>	<i>Usual Marketing Requirement (Metric Tons)</i>
Wheat/wheat flour	1968	200,000
Tallow	1968	8,700 (of which at least 3,200 metric tons shall be imported from the United States of America)
Edible Vegetable Oils	1968	17,500 (of which at least 500 metric tons shall be imported from the United States of America)

Item IV. *Export Limitations*

A. *Export Limitation Period* : With respect to each commodity financed under this agreement, the *Export Limitation Period* for the same or like commodity shall be for United States Fiscal Year 1968 or any subsequent United States fiscal year during which the said commodity financed under this agreement is being imported.

B. For the purposes of Part I, Article III A 3, of the agreement, the commodities considered to be the same as, or like, the commodities imported under this agreement are :

Food grains including wheat and rice (except for superior grades known as Basmati, Permal and Bcgmi) and products thereof.

Oilseeds and Edible Vegetable Oils, including soybean, cottonseed, rapeseed, mustardseed, sesame and products thereof.

Item V. *Self-Help Measures*

The May 11, 1967 Agricultural Commodities Sales Agreement contains a description of the programs related to the production of food (see Item V of Part II of said Agreement). The Government of Pakistan continues to accord high priority to the execution of these programs. In furtherance of its existing policy, the Government of Pakistan agrees to :

1. Reevaluate its future fertilizer needs in light of the greater requirements of the new varieties, of wheat and rice. Recent reports indicate, for instance, that wheat has a greater need for phosphate than previously estimated.
2. Continue to stress the tubewell irrigation program which has proven so successful in the past.

Item VI. *Economic Development Purposes for Which Proceeds Accruing to Importing Country are to be Used :*

For purposes specified in Item V and for other economic development purposes as may be mutually agreed upon.

Item VII. *Other Provisions*

In addition to any local currency authorized for sale under Section 104 (j) of the Act the Government of the exporting country may utilize any local currency in the importing country to pay for travel which is part of a trip in which the traveler travels from, to or through the importing country. These funds (but not the sales under Section 104 (j), are intended to cover only travel by persons who are travelling on official business for the Government of the exporting country or in connection with activities financed by the Government of the exporting country. The travel for which rupees may be utilized shall not be limited to services provided by the transportation facilities of the importing country.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present agreement.

DONE at Islamabad, in duplicate, this 3rd day of August 1967.

Government of Pakistan :

[SEAL]

M. ISMAIL

Acting Secretary to the Government of Pakistan
Economic Affairs Division

Government of the United States of America :

[SEAL]

William I. CARGO

Chargé d'Affaires ad interim
Embassy of the United States of America

CONVERTIBLE LOCAL CURRENCY CREDIT ANNEX TO THE AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF PAKISTAN FOR SALES OF AGRICULTURAL
COMMODITIES

The following provisions apply with respect to the sales of commodities financed on convertible local currency credit terms :

1. In addition to bearing the cost of ocean freight differential as provided in Part I, Article I F, of the agreement, the Government of the exporting country

will finance on credit terms the balance of the costs for ocean transportation of those commodities that are required to be carried in United States flag vessels. The amount for ocean transportation (estimated included in any commodity table specifying credit terms does not include the ocean freight differential to be borne by the Government of the exporting country and is only an estimate of the amount that will be necessary to cover the ocean transportation costs to be financed on credit terms by the Government of the exporting country. If this estimate is not sufficient to cover these costs, additional financing on credit terms shall be provided by the Government of the exporting country to cover them.

2. With respect to commodities delivered in each calendar year, the principal of the credit (hereinafter referred to as principal) will consist of :

- (a) The dollar amount disbursed by the Government of the exporting country for the commodities (not including any ocean transportation costs) less any portion of the initial payment payable to the Government of the exporting country; and
- (b) The ocean transportation costs financed by the Government of the exporting country in accordance with paragraph 1 of this annex (but not the ocean freight differential).

This principal shall be paid in accordance with the payment schedule in Part Ie of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of principal may be made prior to its due date.

3. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year under this agreement shall begin on the date of dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in such calendar year, except that if the installment payments for these commodities are not due on some anniversary of such date of last delivery, any such interest accrued on the due date of the first installment payment shall be due on the same date as the first installment and thereafter such interest shall be paid on the due dates of the subsequent installment payments. For the period from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rates specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

4. The Government of the importing country shall deposit the proceeds accruing to it from the sale of commodities financed under this agreement (upon the sale of the commodities within the importing country) in a special account in its name that will be used for the sole purpose of holding the proceeds covered by this paragraph. Withdrawals from this account shall be made for the economic development purposes specified in Part II of this agreement in accordance with

procedures mutually satisfactory to the two Governments. The total amount deposited under this paragraph shall not be less than the local currency equivalent of the dollar disbursement by the Government of the exporting country in connection with the financing of the commodities including the related ocean transportation costs other than the ocean freight differential. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the Government of the importing country to private or nongovernmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish, in such form and at such times as may be requested by the Government of the exporting country, but not less frequently than on an annual basis, reports containing relevant information concerning the accumulation and use of these proceeds, including information concerning the programs for which these proceeds are used, and, when the proceeds are used for loans, the prevailing rate of interest for comparable loans in the importing country.

5. The computation of the initial payment under Part I, Article II, A of the agreement and all computations of principal and interest under numbered paragraphs 2 and 3 of this annex shall be made in United States dollars.

6. All payments shall be in United States dollars or, if the Government of the exporting country so elects,

- (a) The payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III, G of the agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted to United States dollars at the same rate, or used by the Government of the exporting country for payment of its obligations in the importing country; or
 - (b) The payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the Government of the exporting country for payment of its obligations.
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