

No. 11269

**UNITED STATES OF AMERICA
and
INDIA**

Seventh Supplementary Agreement for sales of agricultural commodities (with annexes and exchange of notes). Signed at New Delhi on 1 April 1971

Exchange of notes constituting an agreement amending the above-mentioned Agreement. New Delhi, 7 May 1971

Exchange of notes constituting an agreement amending the above-mentioned Agreement of 1 April 1971, as amended. New Delhi, 20 May 1971

Authentic texts: English.

Registered by the United States of America on 4 August 1971.

**ÉTATS-UNIS D'AMÉRIQUE
et
INDE**

Septième accord supplémentaire relatif à la vente de produits agricoles (avec annexes et échange de notes). Signé à New Delhi le 1^{er} avril 1971

Échange de notes constituant un accord portant modification de l'Accord susmentionné. New Delhi, 7 mai 1971

Échange de notes constituant un accord portant modification de l'Accord susmentionné du 1^{er} avril 1971, tel qu'il a été modifié. New Delhi, 20 mai 1971

Textes authentiques: anglais.

Enregistrés par les États-Unis d'Amérique le 4 août 1971.

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

The Government of the United States of America and the Government of India, as a seventh supplement to the Agreement for sales of Agricultural Commodities between the two Governments signed on February 20, 1967² (hereinafter referred to as the February Agreement), have agreed to the sales of commodities specified below. This seventh supplementary agreement shall consist of the Preamble, Parts I and III, and the Local Currency Annex of the February Agreement, together with the Convertible Local Currency Credit Annex of the June 24, 1967³ Agreement and the following Part II:

PART II

PARTICULAR PROVISIONS

Item I. Commodity Table

<i>Commodity</i>	<i>Supply Period (United States Fiscal Years)</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (Millions)</i>
A. Convertible Local Currency Credit Terms			
Wheat/wheat flour . . .	1971 and 1972	1,093,000 Metric Tons	\$68.7
Vegetable oil	1971	75,000 Metric Tons	22.1
Cotton	1971	200,000 Bales	29.2
SUBTOTAL			\$120.0
B. Local Currency Terms			
Wheat/wheat flour . . .	1971 and 1972	477,000 Metric Tons	\$30.0
SUBTOTAL			\$30.0
TOTAL			\$150.0

¹ Came into force on 1 April 1971 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 688, p. 197.

³ *Ibid.*, vol. 692, p. 309.

*Item II. Payment Terms**A. Convertible Local Currency Credit*

1. Initial Payment — None
2. Number of Installment Payments — 31
3. Amount of Each Installment Payment — Approximately equal annual amounts
4. Due Date of First Installment Payment — 10 years after date of last delivery of commodities in each calendar year
5. Initial Interest Rate — 2 percent
6. Continuing Interest Rate — 3 percent

B. Local Currency

1. Initial Payment — None
2. Proportions of Local Currency Accruals Indicated for Specified Purposes:
 - a.* United States expenditures, 7 percent.
 - b.* Section 104(f) loans, 93 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 such projects as are mutually agreed by the two Governments 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 self-help measures described in Item V.
3. Convertibility:
 - a.* Section 104(b) (1) purposes — \$600,000
 - b.* Section 104(b) (2) purposes — \$600,000

Item III. Usual Marketing Table

<i>Commodity</i>	<i>Import Period (United States Fiscal Year)</i>	<i>Usual Marketing Requirements</i>
Wheat/wheat flour	1971	200,000 Metric Tons (wheat equivalent)
Wheat/wheat flour	1972	200,000 Metric Tons (wheat equivalent)
Cotton	1971	325,000 Bales

*Item IV. Export Limitations**A. Export Limitation Period*

The export limitation period for commodities the same as or like any particular commodity financed under this agreement (other than cotton and vegetable oils) shall be the period beginning on the date of this agreement and ending on the final date of which the relevant commodities financed under this agreement are being imported and utilized.

B. Permissible Exports

During FY 1971, and during any subsequent United States Fiscal Year in which vegetable oils are being imported or utilized under this agreement, Indian exports of edible vegetable oil and oil equivalent of peanuts exported for crushing, excluding hand-picked selected peanuts for direct human consumption (oil value calculated at 69 percent of value of peanuts), shall be deemed consistent with the terms of this agreement, provided that the Government of India ensures that total imports from the exporting country and other friendly countries into the importing country paid for with the resources of the importing country will equal at least the quantity of vegetable oil and oil equivalent of copra (oil value calculated at 92 percent of value of copra) having C.I.F. value equal to F.O.B. value of Indian exports.

India will not export domestic cotton other than Bengal Deshi, Dholleras, Kalyan, Oomres, Mathia and Moglai and other lower Jarilla, all of which varieties normally do not exceed staple lengths longer than 13/16 inch, during United States Fiscal Year 1971 or during any subsequent United States Fiscal Year in which upland cotton under this agreement is being imported.

Should Indian exports of cotton textiles during any United States Fiscal Year that cotton is being imported under this agreement exceed the average level of such exports during United States Fiscal Years 1963, 1964 and 1965, the Government of India will procure and import with its own resources on a commercial basis from the United States an equivalent weight of raw cotton content of such excess exports of cotton textiles, but such purchases need not exceed the quantity imported during any fiscal year under this or subsequent agreements. These additional imports are to be over and above established usual marketings for raw cotton specified in the usual marketing table above.

Item V. Self-Help Measures

The Government of India will maintain high priority emphasis on the self-help provisions of the June 24 and December 30, 1967,¹ December 23, 1968,² April 25³ and October 13, 1969⁴ agreements. The Government of India will place additional emphasis on plant disease detection and agricultural production credit; as follows:

- A. Establish a national plant surveillance and early warning system for detecting plant pest outbreaks as a means of preventing widespread crop damage.
- B. Place greater emphasis on expanding the availability of agricultural production credit to provide small farmers access to new technological inputs.

Item VI. Proceeds to Constitute Resources for Economic Development

The proceeds of commodities financed under Convertible Local Currency Credit terms will constitute a resource for financing India's annual and long range economic development plans, including the self-help measures referred to in this agreement.

Item VII. Other Provisions

A. 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 traveling 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 Indian rupees may be utilized shall not be limited to services provided by the transportation facilities of the importing country.

¹ United Nations, *Treaty Series*, vol. 697, p. 107.

² *Ibid.*, vol. 714, p. 69.

³ *Ibid.*, p. 117.

⁴ *Ibid.*, vol. 726, p. 211.

B. The Government of the exporting country shall bear the cost of ocean freight differential for commodities it requires to be carried in United States flag vessels but, notwithstanding the provisions of paragraph 1 of the Convertible Local Currency Credit Annex, it shall not finance the balance of the cost of ocean transportation of such commodities.

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

DONE at New Delhi, India, in duplicate, this first day of April, 1971.

For the Government
of India:

I. G. PATEL

For the Government
of the United States of America:

K. B. KEATING

EXCHANGE OF NOTES

I

*The American Ambassador to the Indian Secretary of the Department
of Economic Affairs, Ministry of Finance*

New Delhi, April 1, 1971

Dear Mr. Secretary:

I have the honor to refer to the Seventh Supplement to the Agreement for Sales of Agricultural Commodities between the Government of the United States of America and the Government of India signed on April 1, 1971, and to propose that:

The Government of India agrees that it will convert \$6.3 million in Indian rupees not later than September 30, 1972 in order to cover Section 104 (j) convertibility requirements associated with this agreement which are in addition to the convertibility provided for in the text of the agreement. The source of the rupees to be converted pursuant to this Note will be U.S.-owned rupees derived from repayments of principal and interest from previous PL 480 agreements with the Government of India. Thus, the total convertibility provided by the agreement and this Note shall be \$7.5 million. For the purposes of this provision, the applicable exchange rate shall be the rate on the date payment is made which is not less favorable to the United States Government than the highest rate legally obtainable in India and which is not less favorable to the United

States Government than the highest rate obtainable by any other nation on the date payments are made. This convertibility shall not in any way affect other convertibility agreed to which is derived from repayments of principal and interests.

I shall appreciate receiving your confirmation of the above understanding.

K.B. KEATING

The Honorable I.G. Patel
Secretary, Department of Economic Affairs
Ministry of Finance

II

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
Department of Economic Affairs
NEW DELHI

April 1, 1971

Dear Mr. Ambassador

I have received your letter dated April 1, 1971 reading as follows:

[*See note I*]

I have the honor to confirm the above understanding.

[*Signed*]
I.G. PATEL
Secretary

His Excellency Mr. Kenneth B. Keating
Ambassador of the United States of America
New Delhi

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT ¹
BETWEEN THE UNITED STATES OF AMERICA AND
INDIA AMENDING THE AGREEMENT OF 1 APRIL
1971 ² FOR SALES OF AGRICULTURAL COMMODITIES

I

*The American Chargé d'Affaires ad interim to the Indian Secretary
of the Department of Economic Affairs, Ministry of Finance*

EMBASSY OF THE UNITED STATES OF AMERICA

New Delhi, May 7, 1971

Dear Mr. Patel:

I have the honor to refer to the Seventh Supplementary Agreement between the Government of the United States of America and the Government of India for Sales of Agricultural Commodities signed by representatives of our two Governments on April 1, 1971, ² and to propose that Part II of that Agreement be amended as follows:

In Item I, A, Convertible Local Currency Credit Terms: increase the quantity for vegetable oil from 75,000 metric tons to 102,000 metric tons; increase the export market value for vegetable oil from \$22.1 million to \$29.6 million; increase the subtotal from \$120 million to \$127.5 million; and increase the total from \$150 million to \$157.5 million.

If the foregoing is acceptable to your Government, I propose that this note and your reply thereto constitute an agreement between our two Governments effective on the date of your note in reply.

Accept, dear Mr. Patel, the renewed assurance of my high consideration.

[Signed]

GALEN L. STONE

Chargé d'Affaires ad interim

The Honorable I. G. Patel
Secretary, Department of Economic Affairs
Ministry of Finance

¹ Came into force on 7 May 1971, the date of the note in reply, in accordance with the provisions of the said notes.

² See p. 284 of this volume.

II

*The Indian Secretary of the Department of Economic Affairs, Ministry
of Finance, to the American Chargé d'Affaires ad interim*

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Economic Affairs

NEW DELHI

New Delhi, the 7th May, 1971

Dear Mr. Stone,

I have the honour to refer to your letter dated May 7, 1971 which reads as under:

[See note I]

I have the honour to inform you that the foregoing amendment is 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, dear Mr. Stone, the renewed assurances of my high consideration.

[Signed]

I. G. PATEL

Mr. Galen L. Stone
U.S. Chargé d'Affairs ad interim
New Delhi

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT ¹
BETWEEN THE UNITED STATES OF AMERICA AND
INDIA AMENDING THE AGREEMENT OF 1 APRIL
1971, ² AS AMENDED, ³ FOR SALES OF AGRICULTURAL
COMMODITIES

I

*The American Chargé d'Affaires ad interim to the Indian Joint Secretary
of the Department of Economic Affairs, Ministry of Finance*

EMBASSY OF THE UNITED STATES OF AMERICA

New Delhi, May 20, 1971

Dear Mr. Bambawale:

I have the honor to refer to the Seventh Supplementary Agreement between the Government of the United States of America and the Government of India for Sales of Agricultural Commodities signed by representatives of our two Governments on April 1, 1971, ² as amended May 7, 1971, ³ and to propose that Part II of that Agreement be further amended as follows:

In Item I, A, Convertible Local Currency Credit Terms: increase the export market value for cotton from \$29.2 million to \$30.0 million; increase the subtotal from \$127.5 million to \$128.3 million; and increase the total from \$157.5 million to \$158.3 million. All other terms and conditions of the April 1, 1971 Agreement, as amended, remain.

If the foregoing is acceptable to your Government, I propose that this Note and your reply thereto constitute an agreement between our two Governments effective on the date of your Note in reply.

¹ Came into force on 20 May 1971 by the exchange of the said notes.

² See p. 284 of this volume.

³ See p. 296 of this volume.

Accept, dear Mr. Bambawale, the renewed assurance of my high consideration.

[Signed]

GALEN L. STONE

Chargé d'Affaires ad interim

Mr. A. T. Bambawale
Joint Secretary Department of Economic Affairs
Ministry of Finance
New Delhi

II

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Economic Affairs

NEW DELHI

New Delhi, the 20th May, 1971

D.O.No.F.1(1)PL.480/71

Dear Mr. Stone,

I have the honour to refer to your letter dated May 20, 1971 which reads as under:

[See note I]

I have the honour to inform you that the foregoing amendment is 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, dear Mr. Stone, the renewed assurances of my high consideration.

[Signed]

A. T. BAMBAWALE

Joint Secretary

Mr. Galen L. Stone
U.S. Charge d'Affaires ad interim
New Delhi