

No. 11246

**UNITED STATES OF AMERICA
and
PAKISTAN**

Seventh Supplementary Agreement for sales of agricultural commodities (with annexes). Signed at Islamabad on 25 November 1970

Exchange of notes constituting an agreement amending the above-mentioned Agreement. Islamabad, 25 March 1971

Letter agreement amending the above-mentioned Agreement of 25 November 1970, as amended. Islamabad, 27 July 1971

Authentic texts: English.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN**

Septième accord supplémentaire relatif à la vente de produits agricoles (avec annexes). Signé à Islamabad le 25 novembre 1970

Échange de notes constituant un accord modifiant l'Accord susmentionné. Islamabad, 25 mars 1971

Lettre constituant un accord modifiant l'Accord susmentionné du 25 novembre 1970, tel qu'il a été modifié. Islamabad, 27 juillet 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 PAKISTAN FOR
SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of Pakistan, as a seventh supplement to the Agreement for Sales of Agricultural Commodities between the two Governments signed on May 11, 1967² (herein-after referred to as the May Agreement), have agreed to the sales of commodities specified below. This agreement shall consist of the Preamble and Parts I and III of the May Agreement, together with the Convertible Local Currency Credit Annex of the August 3, 1967 Agreement,³ the following Part II and Local Currency Annex:

PART II
PARTICULAR PROVISIONS

Item I. Commodity Table:

	<i>Supply Period (U.S. Fiscal Year)</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (Millions)</i>
<i>A. Convertible Local Currency Credit</i>			
Wheat/wheat flour (in wheat equivalent)	1971	365,000 MT	\$21.6
Soybean and/or Cottonseed Oil.	1971	100,000 MT	28.9
Tobacco	1971	486 MT	1.5
Cotton, extra long staple	1971	9,700 Bales	2.3
		Subtotal	\$54.3

¹ Came into force on 25 November 1970 by signature, in accordance with part III (B).

² United Nations, *Treaty Series*, vol. 685, p. 291.

³ *Ibid.*, vol. 693, p. 21.

Item I. Commodity Table (continued):

	<i>Supply Period (U.S. Fiscal Year)</i>	<i>Approximate Maximum Quantity</i>	<i>Maximum Export Market Value (Millions)</i>
B. Local Currency			
Wheat/wheat flour (in wheat equivalent)	1971	357,000 MT	\$21.1
		TOTAL	\$75.4

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 the 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 Indicated for Specified Purposes:
 - a. United States expenditures — 20 percent, of which not more than \$2,656,000 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. Sections 104(f) and /or 104(h) grants — 80 percent, to be used as grants for Pakistan's Rural Development Program and/or Family Planning, 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 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 of Part II of the agreements of May 11, August 3, and December 26, ¹ 1967; May 16, 1968; ² July 3, ³ and October 3, ⁴ 1969; and January 10, 1970. ⁵ If no agreement is reached on the use of local currency available for Section 104(f) and/or 104(h) 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. The wheat equivalent of these grants will be considered as a part of the U.S. contribution under the Food Aid Convention. ⁶

3. Convertibility

- a. Section 104(b) (1) — \$422,000
- b. Section 104(b) (2) — \$422,000
- c. \$2,656,000 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 Requirements (Metric Tons)</i>
Wheat/wheat flour (in wheat equivalent)	1971	100,000 MT
Soybean and/or Cottonseed oil	1971	21,500 MT of which at least 2,500 MT must be imported from the U.S.A.

¹ United Nations, *Treaty Series*, vol. 697, p. 43.

² *Ibid.*, p. 137.

³ *Ibid.*, vol. 726, p. 167.

⁴ *Ibid.*, vol. 732, p. 47.

⁵ *Ibid.*, p. 59.

⁶ *Ibid.*, vol. 727, p. 3.

Item IV. Export Limitations:

A. 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 1971 or any subsequent United States Fiscal Year during which the said commodities financed under this agreement are being imported or utilized, whichever is later.

B. For the purpose 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: for wheat/wheat flour—foodgrains, including wheat, corn, barley, jowar, bajra, rice (except for superior grades known as Basmati, Permal and Begmi) and products thereof; for soybean and/or cottonseed oil—oilseeds and edible vegetable oils including soybean, cottonseed, rapeseed, mustard seed, sesame and products thereof; and for cotton—extra long staple cotton and textiles made from extra long staple cotton.

Item V. Self-Help Measures:

In addition to maintaining priority on the self-help provisions set forth in the agreements of October 3, 1969 and January 10, 1970, the Government of Pakistan will also place emphasis on diversification of agriculture with the objective of improved nutrition by encouraging agricultural research and production in secondary and commercial crops.

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

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

Item VII. Other Provisions:

A. 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.

The Government of the importing country will take steps to assure that local currency conversions provided for under this and past agreements will be

processed promptly upon the request of the Government of the exporting country.

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

DONE at Islamabad, in duplicate, this twenty fifth day of November, 1970.

For the Government of Pakistan:

[Signed]

S.S. IQBAL HOSAIN

Secretary, Economic Coordination and External Assistance Division
Government of Pakistan

For the Government of the United States of America:

[Signed]

JOSEPH S. FARLAND

U.S. Ambassador to Pakistan

LOCAL CURRENCY 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 local currency terms:

1. The Government of the importing country shall provide for the payment in United States dollars of the balance of ocean transportation costs for commodities required to be transported in United States flag vessels, after deducting the ocean freight differential described in Part I, Article I F, of this agreement.

2. The Government of the importing country shall pay, or cause to be paid, to the Government of the exporting country an amount of local currency equivalent to the dollar amount disbursed by the Government of the exporting country for the commodity (not including any ocean transportation costs), less any portion of the initial payment payable in dollars to the Government of the exporting country, at such time as required by the purchase authorization and regulations applicable thereto. The calculation of this local currency equivalent shall be at the applicable rate of exchange specified in Part I, Article III G, of this agreement and in effect on the date of dollar disbursement by the Government of the exporting country.

3. The Government of the exporting country shall determine which of its funds shall be used to pay any refunds of local currency which become due under this agreement or which are due or become due under any prior agricultural commodities agreement. A reserve shall be maintained under this agreement for two years from its effective date 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 local currency accruing to the Government of the exporting country under this agreement.

4. Subject to the reserve and refund provision of paragraph 3 of this annex, the local currency accruing to the Government of the exporting country from sales of these commodities shall be made available for use by the Government of the exporting country in such manner and order of priority as the Government of the exporting country shall determine, for the purposes and in the proportions indicated in Part II of the agreement.

5. Any percentage of the local currency indicated for section 104(e) purposes shall be made available 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 the importing country incident thereto.

- (a) Such loans will be made to United States business firms (including cooperatives) and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in the importing country including loans for private home construction, and to United States firms and other firms doing business in the importing country (including cooperatives) for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products.
- (b) Loans will be mutually agreeable to AID and the Government of the importing country, acting through the State Bank of Pakistan (hereinafter referred to as the State Bank). The Governor of the State Bank, or his designee, will act for the Government of the importing country, and the Administrator of AID, or his designee, will act for AID.
- (c) Upon receipt of an application that AID is prepared to consider, AID will inform the State Bank 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.
- (d) When AID is prepared to act favorably upon an application, it will so notify the State Bank and will indicate the interest rate and the repayment period which would be used under the proposed loan. The repayment period will be consistent with the purposes of the financing and the interest rate will be similar to that prevailing in the importing country on comparable loans, but the Government of the exporting country may establish a rate no less than the rate it considers to be the cost of funds to the United States Treasury, taking into consideration

the current average market yields on outstanding marketable obligations of the Government of the exporting country having a maturity comparable to the maturity of the loan.

- (e) Within sixty days after the receipt of the notice that AID is prepared to act favorably upon an application, the State Bank will indicate to AID whether or not the State Bank has any objection to the proposed loan. Unless within the sixty-day period AID has received such a communication from the State Bank, it shall be understood that the State Bank has no objection to the proposed loan. When AID approves or declines the proposed loan it will notify the State Bank.
- (f) If, because AID has not approved loans or because proposed loans have not been mutually agreeable to AID and the State Bank, agreements with a borrower are not reached for specific loans equal to the local currency available for section 104(e) purposes 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 the local currency with respect to which such agreements are not reached for the reasons stated above.

6. Any percentage of the local currency indicated for section 104(f) loan purposes shall be made available for loans under section 104(f) of the Act for financing such projects to promote multilateral trade and agricultural and other economic development, as may be mutually agreed.

- (a) Provisions relating to each loan will be set forth in a loan agreement separate from this agreement.
- (b) The two Governments agree to give emphasis to projects to be financed under such loans that are designed to promote, increase, and improve food production processing, distribution and marketing.
- (c) If agreement is not reached on the use of the local currency available for section 104(f) loan purposes 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 the local currency with respect to which such agreement is not reached.

7. Any percentage of the local currency indicated for section 104(h) purposes shall be made available for financing programs emphasizing maternal welfare, child health and nutrition, and activities, where participation is voluntary, related to the problems of population growth as may be mutually agreed under section 104(h) of the Act. If agreement is not reached on the use of the local currency available for section 104(h) purposes 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 the local currency with respect to which such agreement is not reached.

8. Any percentage of the local currency indicated for United States expenditures may be made available by the Government of the exporting country for expenditure under any subsection of section 104 of the Act, except that this provision shall not result in an increase in the other percentages which are indicated for specific subsections of section 104 in Part II, Item II under "Proportions of Local Currency Indicated for Specified Purposes." Such expenditures shall include, among others, those authorized by section 104(j) of the Act subject to any provisions relating thereto in Part II.

9. With respect to local currency the Government of the exporting country acquires under this agreement, and upon request of the Government of the exporting country, the Government of the importing country shall promptly convert or cause to be converted:

- (a) The following amounts of local currency into currencies of third countries at an exchange rate as mutually agreed by the two Governments:
 - (1) For purposes of section 104(b)(1) of the Act, the larger of the two following amounts:
 - (a) the local currency amount required to yield the United States dollar amount specified in Part II, or
 - (b) two per centum of the local currency accruing to the Government of the exporting country from sales made pursuant to this agreement and from payments of both principal and interest on section 104(f) loans, and
 - (2) For purposes of section 104(b)(2) of the Act, the local currency amount required to yield the United States dollar amount specified in Part II.
- (b) The following amounts of local currency into United States dollars at the applicable exchange rate in effect on the date of the request for conversion:
 - (1) For purposes of section 103(m)(1) of the Act, that portion of the currencies available for payment of United States obligations that is necessary to permit the Government of the United States of America or any of its agencies to meet their obligations or pay the charges they owe to the Government of the importing country or any of its agencies, and
 - (2) The local currency amount required to yield any additional United States dollar amount specified in Part II.

10. 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 local currency may be utilized shall not be limited to services provided by the transportation facilities of the importing country.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT ¹
BETWEEN THE UNITED STATES OF AMERICA AND
PAKISTAN AMENDING THE SEVENTH SUPPLEMEN-
TARY AGREEMENT OF 25 NOVEMBER 1970 ² FOR
SALES OF AGRICULTURAL COMMODITIES

I

EMBASSY OF THE UNITED STATES OF AMERICA

Islamabad, March 25, 1971

Dear Mr. Secretary:

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed on November 25, 1970, ² and to propose that said Agreement be amended as follows:

1. In Part II, Item I, Commodity Table: Increase the Maximum Export Market Value for Soybean and/or Cottonseed Oil to \$34.2 (millions); increase the subtotal of Convertible Local Currency Credit to \$59.6 (millions); increase the Total Maximum Export Market Value to \$80.7 (millions).

2. In Part II, Item III, Usual Marketing Table: Delete the phrase "Soybean and/or Cottonseed Oil" and substitute the phrase "Edible Vegetable Oil".

All other terms and conditions of the November 25, 1970 Agreement shall remain the same.

If the foregoing is acceptable to your Government, I propose that this note and your reply concurring therein shall constitute an agreement between our two Governments which shall enter into force on the date of your note in reply.

¹ Came into force on 25 March 1971, the date of the note in reply, in accordance with the provisions of the said notes.

² See p. 4 of this volume.

Please accept the renewed assurances of my highest consideration.

Sincerely yours,

[Signed]

JOSEPH S. FARLAND
American Ambassador

Mr. S.S. Iqbal Hosain, S.Q.A.
Secretary
Economic Coordination and External Assistance Division
Islamabad

II

GOVERNMENT OF PAKISTAN
PRESIDENT'S SECRETARIAT
Economic Affairs Division

Islamabad dated the 25th March, 1971

No. 4(26) US-VI/70

Excellency:

I have the honour to acknowledge with thanks the receipt of your letter dated March 25, 1971, containing the proposal for amendment of the Agricultural Commodities Agreement between our two Governments, signed on November 25, 1970.

The text of your letter under reference is reproduced below:

[See note I]

I write to concur in the contents of your letter and to confirm that this exchange of letters between us shall constitute an agreement between our two Governments.

I avail of this opportunity for renewing to Your Excellency, the assurances of my highest consideration.

Sincerely yours,

[Signed]

S. S. IQBAL HOSAIN

H.E. Mr. Joseph S. Farland
Ambassador of United States of America
Islamabad

LETTER AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND PAKISTAN AMENDING THE SEVENTH SUPPLEMENTARY AGREEMENT OF 25 NOVEMBER 1970², AS AMENDED³, FOR SALES OF AGRICULTURAL COMMODITIES

EMBASSY OF THE UNITED STATES OF AMERICA
ISLAMABAD, PAKISTAN

July 27, 1971

Sir:

I have the honor to refer to the Agricultural Commodities Agreement between our two Governments signed on November 25, 1970,² as amended March 25, 1971,³ and to propose that said Agreement be further amended as follows:

1. In Part II, Item IA and B, Commodity Table: Under Supply Period column for Wheat/Wheat Flour, delete "1971" and insert "1971/1972".
2. In Part II, Item III, Usual Marketing Table: Add under appropriate columns following new provision: "Wheat/Wheat Flour (in wheat equivalent) 1972, 100,000 MT."

All other terms and conditions of the November 25, 1970 Agreement as amended March 25, 1971 shall remain the same.

¹ Came into force on 27 July 1971, the date of the letter from the Government of the United States, in accordance with the provisions of the said letter, which were accepted by the Government of Pakistan.

² See p. 4 of this volume.

³ See p. 22 of this volume.

If the foregoing is acceptable to your Government, I propose that this note and your concurrence herein shall constitute an agreement between our two Governments which shall enter into force on the date of this note.

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

Sincerely yours,

[Signed]

SIDNEY SOBER

Chargé d'Affaires ad interim

Mr. S.S. Iqbal Hosain, S.Q.A., PMAS
Secretary
Economic Coordination and External Assistance Division
Pakistan Secretariat Block C
Islamabad

Concurred in by:

S.S. IQBAL HOSAIN

Government of Pakistan, Islamabad
S.S. Iqbal Hosain, S.Q.A., PMAS
Secretary, Economic Coordination
and External Assistance Division
