No. 13094

UNITED STATES OF AMERICA
and
PAKISTAN

Agreement for sales of agricultural commodities (with minutes). Signed at Islamabad on 10 September 1973

Authentic text: English.

Registered by the United States of America on 12 February 1974.

ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN

Accord relatif à la vente de produits agricoles (avec procès-verbaux). Signé à Islamabad le 10 septembre 1973

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 12 février 1974.

AGREEMENT[1] 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 have agreed to the sale of the commodity specified below. This Agreement shall consist of the preamble, parts I and III of the May 11, 1967 Agreement,[2] the Convertible Local Currency Credit Annex of the August 3, 1967 Agreement,[3] and the following part II:

PART II

PARTICULAR PROVISIONS

Item I. Commodity Table

Commodity	*Supply Period (U.S. fiscal year)*	*Approximate Maximum Quantity (metric tons)*	*Maximum Export Market Value (millions)*
Wheat/wheat flour (in wheat equivalent)......................	1974	60,000	$11.8
		TOTAL	$11.8

Item II. Payment Terms

Convertible Local Currency Credit

1. Initial Payment – 5 percent
2. Number of Installment Payments – 31
3. Amount of Each Installment Payment – approximately equal annual amounts
4. Due Date of First Installment – 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

Item III. Usual Marketing Table

Commodity	*Import Period (U.S. fiscal year)*	*Usual Marketing Requirements (metric tons)*
Wheat/wheat flour (in wheat equivalent)	1974	100,000

Item IV. Export Limitations

A. With respect to each commodity financed under this Agreement the export limitation period for the same as or like commodities shall be United States fiscal year 1974 or any subsequent United States Fiscal Year during which the com-

[1] Came into force on 10 September 1973 by signature, in accordance with Part III (B).
[2] United Nations, *Treaty Series*, vol. 685, p. 291.
[3] *Ibid.*, vol. 693, p. 21.

modities financed under this Agreement are being imported or utilized.

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 commodity financed under this Agreement are: for wheat/wheat flour—wheat and wheat flour, rolled wheat, semolina, farina, and bulgar (or same product under another name).

Item V. Self Help Measures

The Government of Pakistan agrees to give priority and attention to:

A. Continuation and expansion of agricultural development programs to:
1. improve food grain storage facilities;
2. increase fertilizer use;
3. enhance the protection of crops against disease and insects, and improve coordination, education, research, and regulatory activities pertinent thereto; and
4. improve the availability of agricultural credit needed for the private sector to purchase modern agricultural inputs.

B. Developing agricultural research programs that will (1) concentrate on identifying improved cultural practices for rain-fed areas and (2)concentrate on several major crops and soil and water management practices.

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

The proceeds accruing to the importing country from the sale of commodities financed under this Agreement will be used for financing the self-help measures set forth in item V and for reconstruction and economic development under the Government of Pakistan Development Plan.

Item VII. Ocean Freight (Differential)

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

Item VIII. Other Provisions

Substitute the following for paragraph 4 of the Convertible Local Currency Credit Annex:

"The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this Agreement, to be applied to the economic development uses set forth in part II of this Agreement, shall be not less than the local currency equivalent of the dollar disbursement by the Government of the exporting country in connection with financing of the commodities other than the ocean freight differential, provided, however, that the sales proceeds to be so applied shall be reduced by the payment, if any, made by the Government of the importing country pursuant to the proviso in section 103 (*b*) of the Act (such payment is herein called "The Currency Use Payment"). 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 imports 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 accordance with its fiscal year budget reporting procedures, at such times as may be requested by the Government of the exporting country but not less often than annually, a report of the receipt and expenditure of the proceeds, certified by the appropriate audit authority of the Government of the importing country, and in the case of expenditures, the budget sector in which they were used."

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

DONE at Islamabad, in duplicate, this 10th day of September, 1973.

For the Government of Pakistan:

By: [*Signed*]
Name: AFTAB AHMAD KHAN
Title: Secretary, Economic Affairs Division

For the Government of the United States of America:

By: [*Signed*]
Name: SIDNEY SOBER
Title: Chargé d'Affaires ad interim

MINUTES OF THE MEETING HELD SEPTEMBER 7, 1973 REGARDING THE FISCAL YEAR 1974. PL 480, TITLE I AGREEMENT OF SEPTEMBER 10, 1973

The following operational aspects and special provisions were discussed:

1. *Minutes of Previous PL 480 Agreements*

It was agreed that paragraph A of the Minutes of the meeting held August 2, 1972 regarding the PL 480 Title I Agreement of September 21, 1972[1] is applicable to this Agreement.

2. *Export Limitations*

The United States Government (USG) representatives called attention to the export limitation clauses in item IV of the Agreement.

3. *Self-Help*

*The Government of Pakistan (GOP) representatives were reminded that the Annual Self-*Help Report is due on December 1.

4. *Ocean Freight (Differential)*

Referring to item VII of the Agreement, the USG representatives noted that the USG will pay only the "differential" between U.S. and foreign flag rates on the 50 percent required to be shipped in U.S. flag vessels.

5. *Deposit Rate*

The deposit rate for this Agreement will be the highest legally obtainable and not less favorable than the highest of exchange rates obtainable by any other nation.

6. *Section 103* (o) *Fair Share Amendment*

It is understood that the GOP will take into consideration PL 480 section 103 (o), so that U.S. commercial agriculture exports may share equitably in any increase in Pakistan's market for commercial imports.

7. *Identification and Publicity*

The representatives of the two Governments reaffirmed that arrangements for identification and publicity agreed to in paragraph A (5) of the Minutes of the meeting held August 2, 1972 regarding the PL 480, Title I Agreement of September 21, 1972 would apply to this Agreement.

[1] United Nations, *Treaty Series,* vol. 852, p. 71.

8. *Reporting*

The USG representatives called attention to the importing country's responsibilities for the timely submission of reports. The reports required under the Agreement include information on the arrival and disposition of commodities and on the use of sales proceeds.

The above sets forth the understanding between the Government of Pakistan and the United States Government.

For the Government of Pakistan:

By: [*Signed*]
Name: AFTAB AHMAD KHAN
Title: Secretary, Economic Affairs Division

For the Government of the United States of America:

By: [*Signed*]
Name: SIDNEY SOBER
Title: Chargé d'Affaires ad interim

EXCERPT FROM MINUTES OF THE MEETING HELD AUGUST 2, 1972 REGARDING THE FISCAL YEAR 1973. PL 480, TITLE I AGREEMENT OF SEPTEMBER 21, 1972

A. The following operational aspects and special provisions referred to in previous minutes and applicable to this Agreement are:

(1) Commodities are to be purchased from private U.S. suppliers and actual prices are agreed upon between buyers and sellers (subject to price review by USDA).

(2) The GOP will designate one or more persons in the United States to consult with representatives of the USG to discuss the rules and procedures applicable to procurement, financing, reporting and ocean transportation, because of the complications involved in connection with the implementation of all the provisions of the Agreement. This consultation must be completed before any purchase authorizations are issued.

(3) The GOP will designate individuals or agencies in the recipient country with whom representatives of the USG may consult regarding the implementation of the Agreement such as (1) commodity arrival and off-loading information, (2) marking or identifying and publicizing arrivals, (3) assurances against resale and transshipment, (4) compliance with usual marketing requirements, (5) data relating to imports and exports, (6) carrying out self-help measures and (7) reconciliation of accounts.

(4) If the GOP engages the services of a U.S. person or firm as its agent to handle procurement of the commodity and/or ocean transportation, such agent must be approved by the USDA. A copy of the written agreement between the recipient Government and the U.S. agent must be submitted to USDA for approval prior to the issuance of applicable purchase authorizations.

(5) The GOP agrees to the identification of commodities and publicity of agreements, arrivals, etc. as follows:

For the purpose of carrying out the intention of section 103 (1) of PL 480 and of paragraph I of part I of the Sales Agreement it is agreed that the two Governments will cooperate in effecting publicity and identification of the commodities as follows:

(*a*) Full press coverage, including photographs where possible, in national languages as well as English, will be given of (*a*) the signing of the Sales Agreement and the Credit Agreement, (*b*) PA issuances, (*c*) each major off-loading of commodities at Pakistan ports and (*d*) shipments of substantial quantities of commodities from main godowns at port to specific Division level godowns.

(*b*) To the extent practicable, bags and containers used in transporting the commodities within Pakistan will be marked as mutually agreed to show that the commodities were provided by the U.S. on a concessional basis.

(6) The usual marketing requirement for each commodity is presumed to be the minimum quantity that would be imported through normal commercial channels in the absence of Title I sales agreement and therefore, must be imported commercially even though the full allotment under Title I is not utilized by the GOP.

(7) Purchases against the UMR's are to be financed by the GOP from its own resources. Commercial imports from countries that are not considered friendly to the U.S. and commodities imported as donations or grants received from the U.S. or other sources cannot be counted toward the UMR's.

(8) Should the USG authorize and finance deliveries of Title I commodities to extend beyond the supply period specified in part II of the Agreement, the GOP will be required to maintain the UMR again for the subsequent comparable period under this Agreement. This subsequent UMR will apply towards the UMR established for any new agreement.

(9) The GOP was advised that if it fails to comply with the provisions of part I, article III A.1.2 or 3 of the Agreement or fails to comply with any other requirement of the Agreement this could result in withholding issuance of purchase authorizations and would be taken into account in consideration of new PL 480 agreements unless the situation is remedied. The remedy may take the form of dollar payment to the U.S. government to the extent of the value of the violation or such other form as may be determined by the USG.

(10) The USG will take the following into consideration in determining the timing and terms and conditions of purchase authorizations: (1) availabilities of commodities, (2) crop years of USA and recipient country, (3) availability of ocean shipping space, (4) ability of recipient country to receive the commodity, (5) market implications and (6) the overall interest of the U.S. Government. Extensions of terminal contracting and delivery dates as a general rule are not made.

(11) Application for purchase authorizations will be made within 90 days after the effective date of any agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplemental agreement. Purchase authorizations generally will not be approved for issuance until amounts in PAs issued for the same commodity under a previous or existing sales agreement have been purchased. In addition, purchase authorizations generally will not be issued if there are major problems concerning performances under past or existing agreement.

(12) The Government of Pakistan understands that the Food for Peace Act (PL 480) requires the Agreement to provide for termination whenever the Government of the United States of America finds that the self-help program described in the Agreement is not being adequately developed and that the Government of the United States of America may terminate the Agreement in such a case under the termination clause.

(13) *Section 103* (o) *Fair Share Amendment.* It is understood that the GOP will take into consideration PL 480 section 103 (*o*), so that U.S. commercial agriculture exports may share equitably in any increase in Pakistan's market for commercial imports.

(14) The United States Government representatives reminded the Government of Pakistan representatives of their responsibilities for timely submission of reports as required under the Agreement. In particular, it was pointed out that the Quarterly Compliance Reports and arrival reporting have been delinquent. The GOP was also reminded that the Annual Self-Help Report is due on December 1 each year.