No. 5384

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 Washington, on 4 May 1960

Official text: English.

Registered by the United States of America on 7 October 1960.

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 Washington, le 4 mai 1960

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 7 octobre 1960.

No. 5384. AGRICULTURAL COMMODITIES AGREEMENT[1] 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 WASHINGTON, ON 4 MAY 1960

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 the continuing development and progress of the agricultural sector of India's economy;

Recognizing that the United States, by undertaking for the first time a four-year program of sharing its abundance of food grains—while the Government of India devotes its energies and resources toward achieving agricultural self-sufficiency—can make a significant contribution to India's third five-year plan and to her efforts to meet current food requirements, establish food reserves, increase agricultural production and stabilize food prices;

Considering that the Indian rupees accruing from such purchase will be utilized in a manner beneficial to both countries;

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 trade with friendly countries;

Desiring to set forth the understandings which will govern the sales, as specified below, of surplus agricultural commodities to the Government of 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 such trade in such commodities;

Have agreed as follows :

[1] Came into force on 4 May 1960, upon signature, in accordance with article VI.

Article I

SALES FOR RUPEES

1. Subject to the availability of commodities for programming under the Act and issuance by the Government of the United States of America and acceptance by the Government of India of purchase authorizations, the Government of the United States of America undertakes to finance the sales up to the value $319 million, for rupees to purchasers authorized by the Government of India, of the following agricultural commodities determined to be surplus pursuant to the Act, of the amounts indicated :

	Commodity	*Export market value (Millions)*
A.	*For consumption:*	
	Wheat and wheat products	$723.75
B.	*For reserves:*	
	Wheat and wheat products	241.25
	Rice	116.00
C.	*Ocean transportation*	195.00
	TOTAL	$1,276.00

The provisions of this Agreement, as applied to the balance of the amounts indicated in the above schedule, shall not become effective until January 1, 1961, and shall become effective then only in the event that the United States Government on or after January 1, 1961, so notifies the Government of India.

2. Applications for purchase authorizations for $319 million, including $29 million worth of rice for reserves, will be made within 90 calendar days after the effective date of this Agreement for procurement during United States fiscal year 1961 in the case of wheat and prior to December 31, 1960 in the case of rice. The amount for subsequent years will be determined on the basis of annual review to be made by the two Governments prior to the beginning of each United States fiscal year 1962-64. The reviews shall take into account United States stocks position, changes in India's production, consumption, and stocks of food grains, other imports from the United States and countries friendly to the United States, feasibility of barter for strategic or other materials as a means of providing a portion of India's food grain requirements, storage facilities, the extent to which agreement has been reached on the use of grant and loan funds, and other related matters. Purchase authorizations will include provisions relating to the sale and delivery of commodities, including the classes, types and/or varieties of food grain, the time and circumstances of deposit of the rupees accruing from such sale, and other relevant matters.

3. The United States recognizes the desire of India to accumulate, as quickly as possible, a substantial part of the one million ton reserve stock of rice provided for in this Agreement to assist in stabilizing the internal markets for this commodity in India. Under this Agreement the first annual review of rice availabilities will be made in August 1960. At that time consideration will be given to whether in the light of the United States supplies of rice available for Title I disposal, India's production, consumption and stocks of food grains, other imports from the United States and countries friendly to the United States, India's storage capacity, and other related factors, any increase would be possible in the portion of the total rice programmed which is currently planned for procurement during the first year.

4. The two Governments agree that the issuance of purchase authorizations for wheat and rice providing for purchase after June 30, 1961, shall be dependent upon the determination by the United States Government that these commodities are in surplus supply and available under Title I of the Act at that time. The United States Government shall have the right to terminate the financing of further sales under this Agreement of any commodity if it determines at any time after June 30, 1961, that such action is necessitated by the existence of an international emergency.

Article II

Uses of rupees

1. The two Governments agree that the 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 amounts shown :

(*a*) For United States expenditures under subsections (*a*), (*b*), (*d*), (*e*), (*f*), (*h*) through (*r*) of Section 104 of the Act or under any of such subsections, the rupee equivalent of $200 million.

(*b*) For grant to the Government of India under subsection (*e*) of Section 104 of the Act, the rupee equivalent of not more than $538 million for financing such projects to promote balanced economic development as may from time to time be mutually agreed.

(*c*) For loan to the Government of India under subsection (*g*) of Section 104 of the Act, the rupee equivalent of not more than $538 million for financing such projects to promote balanced economic development as may be mutually agreed. The terms and conditions of the loan and other provisions will be set forth in a separate agreement by the two Governments.

In the event that agreement is not reached on the use of the rupees for grant or loan purposes within six years from the date of this Agreement, the Government of the United States of America may use the local currency for any purposes authorized by Section 104 of the Act.

2. In the event the total of rupees accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is different from the rupee equivalent of $1,276 million, the amounts available for the purposes specified in paragraph 1, Article II will be adjusted proportionately.

Article III

DEPOSIT OF RUPEES

The deposit of rupees to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

Article IV

GENERAL UNDERTAKINGS

1. The Government of India agrees that it will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities for export from India.

2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of surplus agricultural commodities, pursuant to the 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.

3. In carrying out this Agreement, the two Governments will seek to assure, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for agricultural commodities.