No. 8592

UNITED STATES OF AMERICA
and
PAKISTAN

Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with exchange of notes). Signed at Karachi, on 26 May 1966

Official text: English.

Registered by the United States of America on 28 March 1967.

ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN

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 Karachi, le 26 mai 1966

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 28 mars 1967.

No. 8592. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF PAKISTAN AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT KARACHI, ON 26 MAY 1966

The Government of Pakistan and the Government of the United States of America:

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 commercial trade with friendly countries ;

Considering that the purchase for Pakistani rupees of agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade ;

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

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

Have agreed as follows :

Article I

Sales for Pakistanrupees

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Pakistan of purchase authorizations and to the availability of the specified commodities under the Act at the time of exportation, the Government of the United States of America

[1] Came into force on 26 May 1966, upon signature, in accordance with article VI.

undertakes to finance the sales for Pakistani rupees, to purchasers authorized by the Government of Pakistan, of the following agricultural commodities in the amounts indicated :

Commodity	*Export Market Value (Millions)*
Wheat /wheat flour	$17.609
Cotton, extra long staple	.600
Tobacco	.650
Soybean /Cottonseed oil	6.385
	$25.244

2. Applications for purchase authorizations will be made within 90 days after the effective date of this agreement, except that applications for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this agreement will be made within 90 days after the effective date of such amendment. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of Pakistani rupees accruing from such sale, and other relevant matters.

3. The Government of the United States of America will finance ocean transportation costs incurred to this agreement only to the extent that such costs are higher than otherwise would be the case by reason of the requirement that approximately 50 per cent by tonnage of the commodities be transported in United States flag vessels. The balance of cost for commodities required to be carried in United States flag vessels shall be paid in dollars by the Government of Pakistan. The Government of Pakistan will not be required to deposit Pakistani rupees for ocean transportation financed by the Government of the United States of America.

4. Promptly after contracting for United States flag shipping space required to be used, and in any event not later than presentation of vessel for loading, the Government of Pakistan will open a letter of credit, in dollars, for the estimated cost of ocean transportation for commodities carried in United States flag vessels.

5. The financing, sale and delivery of commodities under this agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale or delivery is unnecessary or undesirable.

Article II

Uses of Pakistani rupees

The Pakistani 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 proportions shown :

A. For United States expenditures under subsections (*a*), (*b*), (*c*), (*d*), (*f*) and (*h*) through (*t*) of Section 104 of the Act, or under any of such subsections, 20 per cent of the Pakistani rupees accruing pursuant to this agreement. Not more than the rupee equivalent of $275,000 will be used for purposes of subsections (*s*) and (*t*).

B. For loans to be made by the Agency for International Development of Washington (hereinafter referred to as A.I.D.) under Section 104 (*e*) of the Act and for administrative expenses of A.I.D. in Pakistan, incident thereto, 5 per cent of the Pakistani rupees accruing pursuant to this agreement. It is understood that :

(1) Such loans under Section 104 (*e*) of the Act will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Pakistan for business development and trade expansion in Pakistan and to United States firms and Pakistani firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for United States agricultural products.

(2) Loans will be mutually agreeable to A.I.D. and the Government of Pakistan, acting through the State Bank of Pakistan. The Governor of the State Bank of Pakistan, or his designate, will act for the Government of Pakistan, and the Administrator of A.I.D., or his designate, will act for A.I.D.

(3) Upon receipt of an application which A.I.D. is prepared to consider, A.I.D. will inform the State Bank of Pakistan 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.

(4) When A.I.D. is prepared to act favourably upon an application, it will so notify the State Bank of Pakistan and will indicate the interest rate and the repayment period which would be used under the proposed loan. The interest rate will be similar to that prevailing in Pakistan on comparable loans, provided such rate is not lower than cost of funds to the United States Treasury on comparable maturities, and the maturities will be consistent with the purposes of the financing.

(5) Within sixty days after the receipt of the notice that A.I.D. is prepared to act favourably upon an application, the State Bank of Pakistan will indicate to A.I.D. whether or not it has any objection to the proposed loan. Unless within the sixty day period A.I.D. has received such

a communication from the State Bank of Pakistan, it shall be understood that the State Bank of Pakistan has no objection to the proposed loan. When A.I.D. approves or declines the proposed loan it will notify the State Bank of Pakistan.

(6) In the event the Pakistani rupees set aside for loans under Section 104 (*e*) of the Act are not advanced within three years from the date of this agreement because A.I.D. has not approved loans or because proposed loans have not been mutually agreeable to A.I.D. and the State Bank of Pakistan, the Government of the United States of America may use the Pakistani rupees for any purpose authorized by Section 104 of the Act.

C. For a loan to the Government of Pakistan under Section 104 (*g*) of the Act for financing such projects to promote economic development, including projects not heretofore included in the plans of the Government of Pakistan, as may be mutually agreed, 75 percent of the Pakistani rupees accruing pursuant to this agreement. The terms and conditions of the loan and other provisions will be set forth in a separate loan agreement. In the event that agreement is not reached on the use of the Pakistani rupees for loan purposes under Section 104 (*g*) of the Act within 3 years from the date of this agreement, the Government of the United States of America may use the Pakistani rupees for any purposes authorized by Section 104 of the Act.

Article III

Deposit of Pakistani rupees

1. The Government of Pakistan will deposit to the account of the Government of the United States of America an amount of Pakistani rupees equivalent to the dollar sales value of the commodities financed by the Government of the United States of America converted into Pakistani rupees at the applicable rate of exchange in effect on the date of dollar disbursement by the Government of the United States of America.

(*a*) If a unitary exchange rate system is maintained by the Government of Pakistan, the applicable rate will be the rate at which the central monetary authority of the Government of Pakistan, or its authorized agents, sells foreign exchange for Pakistani rupees.

(*b*) If a unitary rate system is not maintained the applicable rate will be the rate mutually agreed upon by the Government of the United States of America and the Government of Pakistan.

2. The Government of the United States of America shall determine which of its funds shall be used to pay any refunds of Pakistani rupees which become due under this agreement or which are due or become due under any prior agricultural commodities agreement. A reserve will be maintained