# No. 4380

## UNITED STATES OF AMERICA
## and
## PAKISTAN

**Agricultural Commodities Agreement under Title I of the Agricultural Trade Development and Assistance Act, as amended (with Memorandum of Understanding and exchange of notes). Signed at Karachi, on 15 November 1957**

*Official text: English.*

*Registered by the United States of America on 25 June 1958.*

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## 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 Mémorandum d'accord et échange de notes). Signé à Karachi, le 15 novembre 1957**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 25 juin 1958.*

# No. 4380. AGRICULTURAL COMMODITIES AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PAKISTAN UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT, AS AMENDED. SIGNED AT KARACHI, ON 15 NOVEMBER 1957

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

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 ;

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

Considering that the Pakistan rupee accruing from such purchases will be utilized in a manner beneficial to both countries ;

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of Pakistan pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, 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 Pakistan rupees

1. Subject to the issuance by the Government of the United States of America and acceptance by the Government of Pakistan of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Pakistan, for Pakistan rupees, of

[1] Came into force on 15 November 1957, upon signature, in accordance with article VI.

the following agricultural commodities determined to be surplus pursuant to Title I of the Agricultural Trade Development and Assistance Act in the amount indicated :

| *Commodity* | *Export Market Value (In million $)* |
|---|---|
| Wheat | 36. 6 |
| Rice | 14. 4 |
| Dairy products | 2. 2 |
| Tallow (inedible) | 0. 25 |
| SUB-TOTAL | 53. 45 |
| Ocean transportation (est. 50%) | 11. 95 |
| TOTAL | 65. 4 |

2. Purchase authorizations must be issued pursuant to the above within 90 calendar days following the date the agreement is signed. The purchase authorization will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupees accruing from such sale and other relevant matters.

*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 the 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 may determine, for the following purposes, in the amounts shown :

*a.* To help develop new markets for United States agricultural commodities, for international educational exchange, for financing the translation, publication and distribution of books and periodicals, and for other expenditures by the Government of the United States of America in Pakistan under Sub-sections (*a*), (*f*), (*h*) and (*i*) of Section 104 of the Act, the rupee equivalent of $12.7 million.

*b.* To provide assistance of the types provided for under Section 104 (*j*) of the Act, an amount not to exceed the rupee equivalent of $0.5 million.

*c.* For loans to be made by the Export-Import Bank of Washington under Section 104 (*e*) of said Act and for administrative expenses of the Export-Import Bank Washington in Pakistan incident thereto, the rupee equivalent of $ 16.4 million, but not more than 25 % of the currencies received under the agreement. Such loans 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 to Pakistan 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. It is understood that such loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Pakistan. The State Bank of Pakistan will act on the behalf of the Government of Pakistan in this matter. In the event the rupees set aside for loans under Sub-section 104 (*e*) of said Act are not advanced within three years from the date of this agreement because the Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to the Export-Import Bank of Washington and the State Bank of Pakistan, the Government of the United States of America may use the rupees for any purpose authorized by Section 104 of the Act.

*d.* To procure military equipment, materials, facilities and services for the Pakistan defense forces in accordance with Section 104 (*c*) of the Act, the rupee equivalent of $5 million.

*e.* For a loan to the Government of Pakistan to promote the economic development of Pakistan under Section 104 (*g*) of the Act, the rupee equivalent of $30.8 million, the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, or, at the option of the Government of Pakistan, in rupees, such payments in rupees to be made at the applicable exchange rates as defined in the loan agreement, in effect on the date of the payment. It is further understood that the loan funds shall be disbursed only after prior agreement as to the uses of such loan funds. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. In the event the rupees set aside for loans to the Government of Pakistan are not advanced within three years from the date of this Agreement as a result of failure of the two Governments to reach agreement on the use of the rupees for loan purposes, the Government of the United States of America may use the rupees for any other purpose 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 less than the rupee equivalent of $65.4 million, the amount available for a loan to the Government of Pakistan under Section 104 (*g*) would be reduced by the amount of such difference ; in the event the total rupee deposits exceed the equivalent of $65.4 million, 47 per cent of the excess would be available for loans under Section 104 (*g*), and 53 per cent would be available for any use or uses authorized by Section 104, as the Government of the United States may determine.

*Article III*

DEPOSIT OF PARKISTAN RUPEES

The deposit of Pakistan 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 Pakistan agrees that it will take all possible measures to prevent the sale or trans-shipment to other countries, or the use for other than domestic purposes (except where such resale, trans-shipment 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 to nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precaution to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or materially impair trade relations among the countries of the free world.

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

4. The Government of Pakistan agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and conditions of commodities and the provisions for the maintenance of usual marketings and information relating to exports of the same or like commodities.