

Trade Agreement

July 08, 1953

TRADE AGREEMENT BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF EGYPT

Cairo, 8 July 1953

The Government of India and the Government of Egypt being animated by the desire to strengthen the traditional bonds of friendship which unite the two countries and further to facilitate and develop the commercial relations existing between the two countries have agreed as follows :

Article 1

1. India and Egypt will grant each other complete most-favoured nation treatment, that is to say, with respect to customs duties and charges imposed on importation or exportation or imposed on international transfer of payments for imports or exports and with respect to the method of levying such duties or charges and with respect to any regulations, formalities and charges to which customs clearing operations may be subject, any advantage, favour, privilege or immunity granted by either of the Contracting Parties to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territory of the other Contracting Party.

2. The provisions of paragraph 1 of this Article and of Article 2 shall not, however, apply to the grant or continuance of any- (a) advantages accorded by either of the Contracting Parties to contiguous countries; (b) advantages resulting from any Customs union or free trade area to which either of the Contracting Parties is or may become a party; (c) preferences or advantages accorded by India to any country existing on the date of this Agreement or in replacement of such preferences or advantages that existed prior to the 15th August, 1947; or

l. advantages accorded by virtue of a multilateral economic agreement designed to liberalise conditions of international commerce. Article 2

3. Each Contracting Party shall accord to the ships of the other Contracting Party, in the matter of duties of tonnage, harbour, pilotage, light-houses or other analogous duties levied in the ports of either Contracting Party, treatment no less favourable than that accorded to the ships of any other foreign country. The Article shall not apply to any concessions made to ships engaged in the coastal trade of either Contracting Party.

4. Both the Contracting Parties will provide all facilities that they can reasonably accord to secure that the ships of the Contracting Parties carry as large a proportion as possible of goods exported from or imported into their respective countries under this Agreement. Article 3 The Contracting Parties also agree that if either of them establishes or maintains a State enterprise, wherever located, or grants to any enterprise or agency, formally or in effect exclusive or special privileges, such enterprise or agency shall not, in its purchases and sales, involving either imports or exports (other than import of products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale) act in such a manner as will nullify or impair any benefit accruing to the other Contracting Party under any of the provisions of this Agreement. Article 4

5. With respect to the items mentioned in Schedules A and B attached to this Agreement and which shall be taken to form an integral part of this Agreement, the Contracting Parties agree that

wherever necessary import and export licences shall be freely granted according to the laws and regulations applicable.

6. The granting of the licences referred to in paragraph 1 above shall be subject to negotiation of contracts which are mutually satisfactory regarding specifications, prices, delivery and other terms.

7. The provisions of paragraph 1 of this Article are without prejudice to the rights of nationals or firms of either country entering into business transactions in respect of goods and commodities not forming part of this Agreement subject to and in conformity with the laws and regulations of either Contracting Party for the time being in force.

8. The provisions of this Agreement shall not extend to prohibitions or restrictions : (i) imposed for the protection of public health, or (ii) imposed for the protection of plants or animals including measures for protection against disease, degeneration or extinction as well as measures taken against harmful seeds., plants or animals. Article 5 This Agreement will take effect from the date of its signature and will remain in force till it is modified or terminated by either party on giving three months notice. DONE, AND SIGNED, in duplicate, in English, both documents being authentic, in Cairo on the 8th July 1953.

For the Government of India For the Government of Egypt

Sd/- K.M. PANIKKAR

Ambassador of India

Sd/- MAHMOUD FAWZI.

Foreign Minister.

SCHEDULE IN EXPORTS FROM EGYPT TO INDIA

1. Raw cotton. 2. Cotton yarn. 3. Rock phosphates. 4. Gypsum, suitable for manufacture of cement. 5. Flax. 6. Essential oils, perfumes and essence of geranium. 7. Egyptian cigarettes. 8. Buttons. 9. Henna. 10. Henbane. 11. Senna. 12. Dry dates. 13 Rice straw. 14. Sponges. 15. Goat skins, raw. 16. Arabic films. SCHEDULE S' EXPORTS FROM INDIA TO EGYPT 1 .Tea. 2. Unmanufactured tobacco. 3. Groundnut oil. 4. Groundnuts. 6. Jute goods. 6. Black pepper. 7. Coal. 8. Linseed oil. 9. Linseed. 10. Castor Oil. 11. Mustard oil. 12 Shellac. f3. Cotton piece-goods. 14. Readymade garments. 15. Cotton hosiery. 16. Manufactures of iron and steel, cast iron pans, other cast iron castings, builders' hardware, galvanised iron locks, weights, measures, moulds and pulleys, weighing machines, fire extinguishers and mathematical instruments. 17. Hurricane lanterns. 18. Cutlery. 19. Electric goods and apparatus (Motors, ceiling fans, switches, plugs and sockets). 20. Sanitary ware. 21. Machine tools. 22. Diesel engines. 23. Pumps. 24. Sewing machines. 25. Cotton baling hoops. 26. Textile machinery (Spinning frames, plain powerlooms and carding engines).27. Agricultural implements.28. Steel furniture. 29. Aluminium. ware. 30. Bicycles. 31. Asbestos cement sheets. 32. Coir manufacture . 33. Rubber manufactures. 34. Woollen manufactures. 35. Indian drugs and medicines. 36. Coal-tar dyes and colours. 37. Pottery. 38. Sodiumbichromate. 39. Essential oils. 40. Hematite. 41. Sodium or potassium bromide. 42. Linoleum. 43. Crown corks. 44. Indian handicrafts such as Indian brassware, embroidery (zari) and belts, Indian silver and fancy jewellery, etc. 45. Bidis. 46. Indian films.

LETTERS

Cairo, July 8th, 1953

My Dear AMBASSADOR,

With reference to paragraph 2(a) of Article 1 of the Trade Agreement between Egypt and India, I shall be glad to have your confirmation that the Government of India would have no objection to Egypt interpreting the expression 'contiguous countries' in this sub-paragraph to mean 'countries having a common land frontier with Egypt as also countries which are members of the Arab League'.

Yours, sincerely,

Sd./- MAHMOUD FAWZI

H.E. Mr. KAVALAM MADHAVA PANIKKAK,

Ambassador Extraordinary and Plenipotentiary, Cairo.

No. 2. Cairo, July 8th, 1953

EXCELLENCY,

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced) 2. 1 confirm that the Government of India will have no objection to Egypt interpreting the term 'contiguous territories' as proposed in your letter.

Yours sincerely,

Sd./- K.M. PANIKKAR

His Excellency Dr. MMWOUD FAWZI, Minister for Foreign Affairs, Cairo.

No. 3. Cairo, July 8th, 1953

My Dear AMBASSADOR,

With reference to paragraph 2(c) of Article 1 of the Trade Agreement between Egypt and India, I shall be grateful if you would kindly indicate which countries and territories are covered by provisions of this sub-paragraph. 2. 1 shall also be grateful for your assurance that any preferences or advantages accorded in future by India to those countries and territories will be extended to Egypt.

Yours sincerely,

Sd./- MAHMOUD FAWZI

H.E. Mr. KAVALAM MADHAVA PANIKKAR Ambassador Extraordinary and Plenipotentiary,

Cairo. No. 4. Cairo, July 8th, 1953

EXCELLENCY,

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced) Paragraph 2(c) of Article 1 refers in the main to those countries which are members of the Commonwealth. It also includes Burma and a few other countries to which some advantages may have been conceded by treaties prior to the date mentioned. It is clear that the exception contained in paragraph 2(c) of Article I to most-favoured-nation treatment refers only to existing preferences or advantages that existed prior to the 15th of August, 1947, not to new or increased

preferences or advantages. I would also add for your information that India is precluded by the terms of the General Agreement on Tariffs and Trade to which she is a party from granting any new or increased preferences.

Yours sincerely, Sd./- K.M PANIKKAR

His Excellency Dr. MAHMOUD FAWZI, Minister for Foreign Affairs, Cairo.

No. 5 Cairo, July 8th, 1953 MY Dear AMBASSADOR With reference to paragraph 2(a) of Article 1 of the Trade Agreement between Egypt and India, I shall be glad to have your confirmation that the provisions of this sub-paragraph would not stand in the way of India extending in practice to Egypt the advantages which might be accorded by India to other countries by virtue of a multilateral economic agreement designed to liberalise conditions of international commerce. Yours sincerely,

Sd./- MAHMOUD FAWZI

H.E. Mr. KAVALAM MADHAVA PANIKKAR, Ambassador Extraordinary and Plenipotentiary, Cairo.

No. 6. Cairo, July 8th, 1953

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced) The Article referred to by your Excellency only provides that Egypt cannot claim any such advantages automatically under the most-favoured nation cause in the Agreement. It is understood, however, that this does not stand in the way of India extending in practice to Egypt any advantages which might be accorded by India to other countries by virtue of a multilateral economic agreement designed to liberalise conditions of international commerce.

Yours sincerely,

Sd./- K.M. PANIKKAR.

His Excellency Dr. MAHMOUD FAWZI, Minister for Foreign Affairs, Cairo.

No. 7. Cairo, July 8th, 1953

My Dear AMBASSADOR,

With reference to Article 3 of the Trade Agreement between Egypt and India, I shall be glad to have your assurance that in order to avoid any artificial pressure being brought to bear on the prices of purchase or sale of any article to be exchanged the Government of the country establishing or maintaining a monopoly or granting monopoly privileges agrees that in respect of the foreign purchases of such monopoly or agency, the commerce of the other country shall receive fair and equitable treatment.

Yours sincerely,

Sd./- MAHMOUD FAWZI.

H.E. Mr. KAVALAM MADHAVA PANIKKAR,

Ambassador Extraordinary and Plenipotentiary, Cairo.

No. 8. Cairo, July 8th, 1953

EXCELLENCY,

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced) In regard to the point raised by you, I am to state that

If either Contracting Party establishes or maintains a monopolistic enterprise or agency for importation or exportation, it shall, in operating such enterprise or agency avoid undue injury to the economy of the other Contracting Party. If either Contracting Party considers that such enterprise or agency of the other Party is operating in the manner likely to cause undue injury to its economy the Contracting Party concerned may make representations to the other Party establishing or maintaining the enterprise or agency, whereupon the latter shall give sympathetic consideration to such representations.

Yours sincerely,

Sd./- K.M. PANIKKAR.

His Excellency, Dr. MAJMOUD FAWZI, Minister for Foreign Affairs, Cairo.

Egypt Trade 8 July 1953

SL. No. 9. Cairo, July 8th, 1953

EXCELLENCY,

I write to record the following understandings reached between us during our discussions regarding Article 4 of the Trade Agreement between Egypt and India : (i) Egypt will accord to India most-favoured nation treatment in respect of imports and exports. In particular, India will receive treatment no less favourable than that accorded to France, Italy and other countries with which Egypt has payments agreements. (ii) India will also accord to Egypt most-favoured-nation I treatment, in respect of imports and exports. The above understanding is without prejudice to the grant or continuance of : (a) any advantages granted by either party to contiguous countries. The term 'contiguous countries' will, so far as Egypt is concerned, include member countries of the Arab League and, so far as India is concerned, will include Afghanistan; (b) advantages resulting from any customs union or free trade area to which Egypt or India is or may become a party; and (c) the advantages accorded by India to certain countries bordering the Indian Ocean in regard to goods carried by country craft. 2. I shall be glad to have confirmation that this letter correctly sets out the understandings reached between us in regard to foregoing matters.

Yours sincerely,

Sd./- K.M. PANNEAR

His Excellency Dr. MAMOUD FAWZI, Minister for Foreign Affairs, Cairo.

No. 10.

Cairo, July 8th, 1953

My Dear AMBASSADOR,

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced) I confirm that your letter correctly sets out the understanding reached between our two Governments.

Yours sincerely,

Sd./- MAHMOUD FAWZI

H.E. Mr. KAVALAM MADHAVA PANIKKAK Ambassador Extraordinary and Plenipotentiary, Cairo.

No. 11 Cairo, July 8th, 1953

EXCELLENCY, I write to record the following understandings which have been reached between us in connection with the trade agreement signed today :

0. The National Bank of Egypt and the Reserve Bank of India will buy and sell Indian Rupees and Sterling on the basis of par values declared to the International Monetary Fund and within the spread permitted under the articles of the I.M.F.
1. Sixty per cent of the payments for exports from Egypt to India will be made in Sterling. The remaining 40 per cent will be paid in Rupees which will be utilised by Egypt only for financial purchases of goods from India. The procedure for giving effect to this arrangement will be in accordance with the exchange of letters between the Reserve Bank of India and the National Bank of Egypt. The Sterling part of the payment for exports from Egypt to India will be eligible for the facilities of the import entitlement account procedure in accordance with the regulations prevailing in Egypt. In addition the National Bank of Egypt will keep 10 per cent of the total value of Egyptian exports to India in a special Sterling account which would be made available for financing purchases from India when the Rupee balance of Egyptian Banks are exhausted. Any accumulation in this special Sterling account which remains un-utilised at the end of each year of the agreement or a shorter period in the event of the agreement being terminated before the expiration of a full year, will not be carried forward.
2. In case the aggregate amounts credited during any one year of the Trade Agreement to the Egyptian Banks Rupee accounts reach Rupees 100 million, any further credits during the year will be convertible into Sterling.
3. The Reserve Bank of India will favourably consider reasonable Rupee Sterling swap facilities to the National Bank of Egypt before the limit of Rs. 100 million, referred to in (3) above is reached on terms and conditions to be agreed between the two banks.
4. If at any time the balances in the rupee accounts are not sufficient to finance purchases from India, Egypt will sell Sterling to India in exchange for the necessary rupees.
5. Any balances remaining to the credit of the Rupee accounts at the termination of the trade agreement could either be utilised for the purchase of goods in India or converted into Sterling at the option of the Egyptian Government.
6. The Contracting Governments will keep each other informed on matters affecting their respective import and export controls. They will consult together as often as may be necessary with a view to ensuring the smooth working of the present agreement. I shall be glad if you will confirm that this letter correctly sets out the understanding reached between us in regard to the foregoing matters.

Yours sincerely, Sd./- K.M. PANIKKAR His Excellency Dr. MAMOUUD FAWZI, Minister for Foreign Affairs, Cairo.

No. 12. Cairo, July 8th, 1953

My Dear AMBASSADOR,

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced)

Egypt Trade

8 July 1953 or a shorter period in the event of the agreement being terminated before the expiration of a full year, will not be carried forward.

7. In case the aggregate amounts credited during any one year of the Trade Agreement to the Egyptian Banks Rupee accounts reach Rupees 100 million, any further credits during the year will be convertible into Sterling.
8. The Reserve Bank of India will favourably consider reasonable Rupee Sterling swap facilities to the National Bank of Egypt before the limit of Rs. 100 million, referred to in (3) above is reached on terms and conditions to be agreed between the two banks.
9. If at any time the balances in the rupee accounts are not sufficient to finance purchases from India, Egypt will sell Sterling to India in exchange for the necessary rupees.
10. Any balances remaining to the credit of the Rupee accounts at the termination of the trade agreement could either be utilised for the purchase of goods in India or converted into Sterling at the option of the Egyptian Government.
11. The Contracting Governments will keep each other informed on matters affecting their respective import and export controls. They will consult together as often as may be necessary with a view to ensuring the smooth working of the present agreement. I shall be glad if you will confirm that this letter correctly sets out the understanding reached between us in regard to the foregoing matters.

Yours sincerely,

Sd./- K.M. PANIKKAR

His Excellency Dr. MAMOUD FAWZI, Minister for Foreign Affairs, Cairo.

No. 12. Cairo, July 8th, 1953

My Dear AMBASSADOR,

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced)

I confirm that the above letter correctly sets out the understanding reached between us in regard to the foregoing matters.

Yours sincerely,

Sd./- MAHMOUD FAWZI

H.E - Mr. KAVALAM MADHAVA PANIKKAK

Ambassador Extraordinary and Plenipotentiary,

Cairo. No. 13. Cairo, July 8th, 1953

My Dear Ambassador,

On account of the big stock of jute goods which we have at the present time it will not be possible for us to issue import licences freely for about a year. In the light, however, of the consideration put forward by you we confirm that licences will be issued for at least 5,000 tons of jute goods during the next 12 months.

Yours sincerely,

Sd./- MAHAMOUD FAWZI.

His Excellency Mr. KAVALAM MADHAVA PANIKKAR

Ambassador Extraordinary and Plenipotentiary, Cairo.

No. 14. Cairo, July 8th, 1953

EXCELLENCY,

I write to acknowledge receipt of your letter of today's date which reads as follows : (Not reproduced) I confirm that your letter correctly sets out the understanding reached between us with regard to this matter.

Yours sincerely,

Sd/- K.M. PANIKKAR

His Excellency Dr. NWIAMOUD FAWZI, Minister for Foreign Affairs, Cairo.