

**TRADE AGREEMENT BETWEEN INDIA  
AND PAKISTAN****Karachi, 24 June 1949**

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Whereas the Government of India and the Government of Pakistan are desirous of continuing arrangements regarding the supply by each country of the requirements of the other they have agreed as follows :—

*Article I*

The Government of India agree to permit the importation from and exportation to Pakistan and the Government of Pakistan agree to permit the exportation to and importation from India, of the commodities and goods specified in Schedules A and B at least up to the limits for each class of goods mentioned therein during the period of this Agreement on the terms and conditions of this Agreement.

*Article II*

With regard to such commodities and goods specified in the said Schedules as are, or may be, subject to export or import licences, the two Governments agree to grant, upon receipt of applications duly made, export or import licences at least up to the quantitative or monetary limits specified in Schedules A and B in respect of such commodities and goods in accordance with the law of the country and regulations and administrative practices of the Government granting the licences.

*Article III*

During the currency of this Agreement, the two Governments may, by mutual agreement, alter, extend or supplement the Schedules to this Agreement.

*Article IV*

Articles I and II of this Agreement are without prejudice to the right of traders 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 country for the time being in force.

*Article V*

The two Governments agree to render all reasonable assistance in facilitating the export and import of goods and commodities included in Schedules 'A' and 'B' and to consult each other in respect of any matter arising from, or in connection with, the exchange of commodities and goods between the two countries during the currency of and in accordance with this Agreement.

*Article VI*

Neither party shall re-export to any other country any scheduled commodity obtained by either country from the other in the form in which it was imported. Change of packing does not constitute change of form for the purpose of this Article.

*Article VII*

Subject to seasonal considerations and delivery requirements indicated in Schedules 'A' and 'B' each country shall spread its purchases as uniformly and conveniently as possible.

*Article VIII*

The two Governments agree to promote the contacts between the trade interests of the two countries and undertake to give every reasonable facility for the import and export of commodities, and in particular to facilitate the use of the routes and methods of transportation which are most economical and convenient.

*Article IX*

This Agreement, subject to ratification by the two Governments, shall remain in force for a period of twelve months from the 1st July 1949 to the 30th June 1950, except where otherwise specified in the Schedules.

*Article X*

In order to implement the Agreement in a smooth and orderly way the two Governments will exchange monthly progress reports and arrange meetings every other month between representatives of the two countries.

DONE and SIGNED in duplicate, in English, either copy being authentic, in Karachi on this twenty-fourth day of June 1949.

**SCHEDULE 'A'**  
EXPORT FROM PAKISTAN TO INDIA

Serial No.	Commodity/Goods	Quantity/value	Remarks
1.	Raw Cotton	450,000 bales	A minimum of 2.25 lakhs bales to be purchased by 28th February 1950 and the balance by 31st August 1950.
2.	<i>Hides &amp; Skins :</i> Buffalo hides Cow hides Skins, goat Skins, sheep	200,000 pieces 1,000,000 pieces 800,000 pieces 700,000 pieces	Goat skins in equal quantity from East and West Pakistan; Sheep skins 75,000 from East Pakistan and 625,000 from West Pakistan. Free licensing by Pakistan. Open General Licence by India.
3.	Raw Jute	4,000,000 bales. (In terms of standard bales of 400 lbs.)	Free of licence on both sides.
4.	Rape & Mustard seed	15,000 tons	This is balanced by the additional supply of 5,000 ton mustard oil mentioned in item 10(a) of Schedule 'B'.
5.	Rock Salt	2,000,000 Maunds	

**SCHEDULE 'B'**  
EXPORT FROM INDIA TO PAKISTAN

Serial No.	Commodity/Goods	Quantity/value	Remarks
1.	Asbestos Cement sheets	2,500 tons	India will issue export licences immediately. The article is on Open General Licence for import into Pakistan.
2.	Canvas	1,50,000 yards	This item is on the Open General Licence for import into Pakistan.
3.	<i>Chemicals :</i> (a) Sulphuric acid (b) Aluminium sulphate (c) Hydrochloric acid (d) Nitric acid (e) Magnesium sulphate (f) Ferrous sulphate	2,000 tons 2,000 tons 270 tons 200 tons 800 tons 400 tons	On Open General Licence for import into Pakistan and export from India.

Serial No.	Commodity/Goods	Quantity/value	Remarks
4.	Coal	2,040,000 tons at the rate of 170,000 tons per month.	The figure of 170,000 tons of coal includes 1,000 tons of Hard Coke per month. India will make every effort to supply an extra 30,000 tons per month if transport can be arranged. Maximum possible movement to be by rail.
5.	<i>Cloth :</i> (a) Mill-made	150,000 tons	Import into Pakistan is on Open General Licence. Free licensing by India.
	(b) Handloom		Exchange of certain varieties between Eastern Pakistan and India is under separate consideration.
6.	Cotton yarn	100,000 bales	At least 25,000 bales to be 20's and above. Free licensing by India for Pakistan counts below 20's. Quotas for counts of 20's and above.
7.	Hardwood	10,000 tons	Malabar Jungle wood and similar varieties. Free licensing by India up to quota. Open General Licence for import by Pakistan.
8.	Jute manufactures	50,000 tons	Open General Licence on both sides.
9.	Myrabolams	2,000 tons	On Open General Licence both for export from India and import into Pakistan.
10.	<i>Edible Oils :</i> (a) Mustard Oil	30,000 tons plus 5,000 tons	Open General Licence on both sides. The additional quantity of 5,000 tons is balanced by the supply of 15,000 tons of mustard and rape seed mentioned in item 4 of Schedule A.
	(b) Groundnut Oil	15,000 tons	India will issue licences. Imports into Pakistan are on Open General Licence.
	(c) Copra Oil	6,000 tons	Ditto
	(d) Vanaspati	15,000 tons	Ditto

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Serial No.	Commodity/Goods	Quantity/value	Remarks
11.	<i>Railway Stores :</i> (a) Underframe fittings	Rs. 150,000	Pakistan's additional requirements are :— Signalling and Interlocking materials Rs. 150,000 Underframe fittings. Rs. 150,000 Fire Bricks Rs. 350,000 Hydraulic fittings Rs. 30,000 Electrodes Rs. 800,000 Split and Cotton pins Rs. 500,000 Wheel Type Axles. Rs. 500,000 Further consultation will be held with a view to utilising spare capacity in India for meeting these requirements.
	(b) Fire Bricks	Rs. 100,000	
12.	Paints & Varnishes	2,500 tons	Open General Licence on both sides.
13.	Linseed Oil	6,000 tons	India will issue licences. Is on Open General Licence for import into Pakistan.
14.	Bauxite	2,500 tons	Is on Open General Licence on both sides.
15.	Electrical Steel Sheets	500 tons	India will issue export licences. Open General Licence for imports into Pakistan.
16.	Sea Salt	2,000,000 Mds.	Open General Licence in India and Open General Licence for import in Pakistan by land and river and under licence by sea.
17.	Steel	64,000 tons	Supply will be in quarterly instalments of 4,000 tons beginning from October-December 1949, and ending in July-September, 1950.
18.	Pig Iron	16,000 tons	
19.	Tobacco (Flue-cured)	2,000,000 lbs.	Open General Licence for export by India and import into Pakistan.
20.	Ferrosilicon	100 tons	*India will confirm later.
21.	Ferromanganese	100 tons	Ditto.*
22.	Pitching Stone and Ballast	7,500,000 cft	
23.	Washing soap	5,000 tons	

\* Since confirmed.

*Note*—Cigarettes, Matches and Toilet Soap have been suggested by India. It is noted that they are on Open General Licence for export from India and import into Pakistan.