



Treaty Series No. 41 (1956)

Exchange of Notes and Memorandum of Understanding

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Burmese Government

concerning the Export of Cotton Textiles and/or Yarn
from the United Kingdom to the Union of Burma
and the Acceptance in the United Kingdom
of Raw Cotton from the United States

Rangoon, June 18, 1956

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of Her Majesty
October 1956*

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**EXCHANGE OF NOTES AND MEMORANDUM OF UNDER-
STANDING BETWEEN THE GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE BURMESE GOVERNMENT CONCERNING THE
EXPORT OF COTTON TEXTILES AND/OR YARN FROM
THE UNITED KINGDOM TO THE UNION OF BURMA AND
THE ACCEPTANCE IN THE UNITED KINGDOM OF RAW
COTTON FROM THE UNITED STATES**

Rangoon, June 18, 1956

EXCHANGE OF NOTES

No. 1

*Her Majesty's Ambassador at Rangoon to the Secretary to the Burmese
Ministry of Trade Development*

British Embassy,

Sir,

Rangoon, June 18, 1956.

I have the honour to refer to discussions which have taken place between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Burma relating to arrangements for the export of cotton textiles and/or yarn from the United Kingdom to the Union of Burma and for the acceptance in the United Kingdom of raw cotton subject to the issuing by the Government of the United States of America to the Government of the Union of Burma of a purchase authorisation for such raw cotton pursuant to Title I of the United States Agricultural Trade Development and Assistance Act of 1954.

2. Certain understandings reached during those discussions are set out in the Memorandum which is annexed to this Note.

3. I now have the honour to inform you that the understandings set out in that Memorandum are acceptable to the Government of the United Kingdom of Great Britain and Northern Ireland, and to propose that, if they are also acceptable to the Government of the Union of Burma, the present Note and Memorandum annexed thereto, together with your reply in that sense, should be regarded as constituting an Agreement between the two Governments in this matter which shall enter into force on this day's date.

Please accept, &c.

P. H. GORE-BOOTH.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNION OF BURMA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE SUPPLY OF COTTON TEXTILES AND/OR YARN TO THE UNION OF BURMA AGAINST RAW COTTON TO BE OBTAINED BY THE UNITED KINGDOM FROM THE UNITED STATES OF AMERICA UNDER THE UNITED STATES P.L. 480 PROGRAMME

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "The Government of the United Kingdom") and the Government of the Union of Burma desiring to make arrangements for the export of cotton textiles and/or yarn of the value of United States dollars 2,625,000/- (two million six hundred and twenty-five thousand dollars) from the United Kingdom to the Union of Burma and for the acceptance in the United Kingdom of raw cotton of equivalent value in anticipation of and subject to the Government of the United States of America issuing to the Government of the Union of Burma a purchase authorisation (hereinafter called "PA" for such raw cotton pursuant to Title I, United States Public Law 480—83rd Congress (hereinafter referred to as "P.L. 480")), have reached an understanding as follows:—

I.—The Government of the United Kingdom

A—will arrange the export to the Union of Burma of cotton textiles and/or yarn of United Kingdom manufacture of the total value of United States dollars 2,625,000/- (two million six hundred and twenty-five thousand dollars). This undertaking shall be conditional upon the conclusion of satisfactory commercial contracts between exporters in the United Kingdom and importers in the Union of Burma of a total value of up to United States dollars 2,625,000/- (two million six hundred and twenty-five thousand dollars);

B—will arrange for the acceptance of raw cotton made available to the Government of the Union of Burma by the United States under P.L. 480 in full payment for the cotton textiles and/or yarn exported to the Union of Burma on a CIF basis;

C—will arrange for acceptance of delivery of the raw cotton under the PA within ten months after the date of the issue of the PA or such extended period as may be agreed (see paragraph II G below);

D—will not import raw cotton until cotton textiles and/or yarn of equivalent value have been shipped; and will inform the Government of the Union of Burma from time to time of the shipment of cotton textiles and/or yarn and of the credits opened for raw cotton;

E—will arrange that the raw cotton shall be imported under the applicable regulations of the United States Department of Agriculture;

F—recognises that the raw cotton imported from the United States under United States P.L. 480 programme will be in addition to cotton that would otherwise be imported from the United States and countries friendly to the United States and that it will not result in increased availability of cotton

or cotton textiles and/or yarn to countries unfriendly to the United States of America;

G—accepts that claims in respect of deficiency in quantity or quality of cotton textiles and/or yarn shall be settled by negotiation between exporters in the United Kingdom and importers in the Union of Burma in accordance with the normal commercial practice, and that any deficiency in quality or quantity will be made good by additional supplies of cotton textiles and/or yarn or, failing that, by reimbursement in United States dollars in favour of the Government of the Union of Burma;

H—will arrange that all cotton textiles and/or yarn to be exported to the Union of Burma under the terms of this Memorandum shall be shipped as early as possible but in any case not later than five months after the issue of the PA for raw cotton.

II.—*The Government of the Union of Burma*

A—will transfer to the Government of the United Kingdom the authority to sub-authorise the PA for raw cotton immediately the PA is received;

B—will arrange to import cotton textiles and/or yarn from the United Kingdom to the value of United States dollars 2,625,000/- (two million six hundred and twenty-five thousand dollars) for which the Government of the Union of Burma shall issue import licences and/or make allocations to the Civil Supplies Management Board within thirty days of the issue of the PA. The licences and/or allocations shall represent a dollar value calculated on a rate of exchange fixed by the State Commercial Bank, Rangoon, on the basis of the United States dollar selling rate of exchange against kyat;

C—will ensure that importers in the Union of Burma make payment for the cotton textiles and/or yarn by means of letters of credit in kyat issued in favour of the United Kingdom exporter at the rate of exchange specified in paragraph II B, as provided for in the annexed Procedure; and will inform the Government of the United Kingdom from time to time of the opening of such letters of credit;

D—will not impose flag restrictions on the shipping of the cotton textiles and/or yarn nor, except as required by the United States under the PA, of the raw cotton;

E—will be solely responsible for the deposit to the account of the Government of the United States of the kyat equivalent of United States dollar disbursements as required under the Agricultural Commodities Agreement between the Union of Burma and the United States and the PA;

F—recognises that the cotton textiles and/or yarn imported hereunder will be in addition to the cotton textiles and/or yarn that would otherwise be imported from the United States and countries friendly to the United States;

G—in the event that fulfilment of the arrangement in paragraph IC is prevented by some occurrence over which the Government of the United Kingdom has no control (for example, a movement in world cotton prices rendering the price of United States cotton for export uncompetitive or a dock strike), will recommend to the Government of the United States a reasonable extension of the PA for the raw cotton.

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III.

A—This Memorandum shall be submitted to the Government of the United States on the understanding that the provisions hereof shall form a part of the application of the Government of the Union of Burma for the PA;

B—the Government of the United States will not be expected to provide for final shipment of raw cotton of lesser value than United States dollars 1,000 (one thousand dollars). Any residual amount below United States dollars 1,000 (one thousand dollars) by which the value of the raw cotton shipped, taking into account adjustment refunds made, is less than the total value of the cotton textiles and/or yarn supplied, shall be settled through payment by the Government of the Union of Burma to the Government of the United Kingdom, or its nominee, in sterling;

C—Commercial contracts for the delivery of the cotton textiles and/or yarn shall be made on terms to be negotiated between exporters in the United Kingdom and importers in the Union of Burma;

D—the Government of the United Kingdom will be free to delegate its rights and obligations under this Memorandum to a commercial firm or firms, or to a nominated trade body;

E—the annexed "Procedure" shall be regarded as part of this Memorandum.

ANNEX

PROCEDURE

A.—*For Cotton Textiles and/or Yarn that will be Imported by the Union of Burma :*

1. The Government of the Union of Burma will issue import licences and/or make allocations to the Civil Supplies Management Board for the cotton textiles and/or yarn.

2. Importers in the Union of Burma will place orders for the cotton textiles and/or yarn with exporters in the United Kingdom and open kyat Letters of Credit through the State Commercial Bank, Rangoon (hereinafter referred to as the State Commercial Bank), at the rate of exchange specified in paragraph II B of the Memorandum in favour of the exporters to cover the purchases. All contract prices shall be expressed in kyat. Letters of Credit will be opened immediately after conclusion of the relevant contract and in any case not later than four months after the issue of the PA. They will be confirmed by a bank in the United Kingdom designated by the Government of the United Kingdom.

3. Exporters in the United Kingdom will ship the cotton textiles and/or yarn and draw drafts against kyat Letters of Credit.

4. The designated bank in the United Kingdom will negotiate drafts from the exporters and pay them in sterling.

5. The designated bank in the United Kingdom will forward the drafts to the State Commercial Bank, Rangoon, for collection and will instruct the State Commercial Bank to credit the kyat proceeds to a kyat Escrow Account in the name of the designated bank in the United Kingdom.

6. The State Commercial Bank will collect the kyat and will deposit them in an Escrow Account in accordance with the instructions of the

designated bank in the United Kingdom. The kyat in the Escrow Account will be used only to credit the special United States Account under the Burmese P.L. 480 Agreement or to refund to the Government of the Union of Burma such deposits as may be made by it, to make good any temporary deficiency in the kyat Escrow Account, in accordance with paragraph B 9 (ii) below.

B.—For United States Cotton that will be Imported by the United Kingdom :

1. The United States Department of Agriculture (Commodity Credit Corporation) will issue Letters of Commitment in United States banks in respect of the dollar Letters of Credit to be opened under the PA by the designated bank in the United Kingdom.

2. The Government of the Union of Burma will designate the Government of the United Kingdom or a trade body nominated by the Government of the United Kingdom as its agent to sub-authorise procurement of the cotton under the PA.

3. Importers in the United Kingdom will place orders for the raw cotton.

4. The designated bank in the United Kingdom will open dollar Letters of Credit for the raw cotton exporters and such credits will be confirmed by the United States banks holding Letters of Commitment issued by U.S.D.A.

5. United States exporters will ship the raw cotton and draw drafts against the dollar Letters of Credit.

6. United States banks will negotiate the drafts and pay the United States exporters in dollars.

7. United States banks will draw dollar drafts on U.S.D.A. (C.C.C.) and collect dollars and will forward title documents to the designated bank in the United Kingdom.

8. United States banks will notify the State Commercial Bank and request that an equivalent amount of kyat be deposited in the Special United States Account.

9. The State Commercial Bank—

(i) will debit the kyat Escrow Account of the designated bank in the United Kingdom in amounts equivalent to the dollar drafts at the same rate of exchange as that at which the corresponding Letters of Credit for cotton textiles and/or yarn were opened and as specified in paragraph II B of the Memorandum; and

(ii) will credit the Special United States Account with equivalent amounts of kyat at the rate of exchange provided in the Burmese P.L. 480 Agreement. In the event that the kyat in the Escrow Account of the designated bank in the United Kingdom are less or more on final settlement than the amount required for deposit to the United States Special Account as a result of differences in actual rates of exchange applied, the Government of the Union of Burma will arrange for the deposit of the sum necessary to cover any deficit, or will benefit from any surplus.

10. The designated bank in the United Kingdom will collect in sterling from importers in the United Kingdom in amounts equivalent to the dollar drafts paid under the dollar Letters of Credit opened pursuant to U.S.D.A. Letters of Commitment. This sterling will compensate for the debits to its kyat Escrow Account made by the State Commercial Bank.

*The Secretary to the Burmese Ministry of Trade Development to
Her Majesty's Ambassador at Rangoon*

Excellency, *Rangoon, June 18, 1956.*

I have the honour to acknowledge the receipt of your Note of to-day's date (with the Memorandum attached thereto) which reads as follows:—

[As in No. 1.]

I have the honour to inform your Excellency that the understandings set out in that Memorandum are also acceptable to the Government of the Union of Burma, and that they agree with your proposal that your Note and the Memorandum annexed thereto, together with this reply, should be regarded as constituting an Agreement between the two Governments in this matter which shall enter into force on this day's date.

Please accept, &c.

BA SAN.

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