No. 5816

UNITED STATES OF AMERICA
and
PAKISTAN

Treaty of Friendship and Commerce (with Protocol). Signed at Washington, on 12 November 1959

Official text: English.

Registered by the United States of America on 17 August 1961.

ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN

Traité d'amitié et de commerce (avec Protocole). Signé à Washington, le 12 novembre 1959

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 17 août 1961.

No. 5816. TREATY OF FRIENDSHIP AND COMMERCE[1] BETWEEN THE UNITED STATES OF AMERICA AND PAKISTAN. SIGNED AT WASHINGTON, ON 12 NOVEMBER 1959

The United States of America and Pakistan, desirous of strengthening the bonds of peace and friendship traditionally existing between them and of encouraging closer economic and cultural relations between their peoples, and being cognizant of the contributions which may be made toward these ends by arrangements encouraging mutually beneficial investments, promoting mutually advantageous commercial intercourse and otherwise establishing mutual rights and privileges, have resolved to conclude a Treaty of Friendship and Commerce, based in general upon the principles of national and most-favored-nation treatment unconditionally accorded, and for that purpose have appointed as their Plenipotentiaries,

The President of the United States of America :

Christian A. Herter, Secretary of State of the United States of America, and

The President of Pakistan :

Zulfikar Ali Bhutto, Minister for Commerce of Pakistan,

who, having communicated to each other their full powers found to be in due form, have agreed upon the following Articles :

Article I

Each Party shall at all times accord equitable treatment to the persons, property, enterprises and other interests of nationals and companies of the other Party.

Article II

1. Nationals of either Party shall be permitted, subject to the requirements relating to the entry and sojourn of aliens, to enter the territories of the other Party, to travel therein freely, and to reside at places of their choice. Nationals of either Party shall in particular be permitted to enter the territories of the other Party and to remain therein : (*a*) for the purpose of carrying on trade between the territories of the two Parties and engaging in related commercial

[1] Came into force on 12 February 1961, one month after the exchange of the instruments of ratification at Karachi on 12 January 1961, in accordance with article XXIV (1).

activities; and (*b*) for the purpose of developing and directing the operations of an enterprise in which they have invested, or in which they are actively in the process of investing, a substantial amount of capital.

2. Nationals of either Party, within the territories of the other Party, shall be permitted: (*a*) to enjoy liberty of conscience; (*b*) to hold both private and public religious services; (*c*) to gather and transmit material for dissemination to the public abroad; and (*d*) to communicate with other persons inside and outside such territories by mail, telegraph and other means open to general public use.

3. The provisions of the present Article shall be subject to the right of either Party to apply measures that are necessary to maintain public order and protect the public health, morals and safety.

Article III

1. Nationals of either Party within the territories of the other Party shall be free from molestations of every kind, and shall receive the most constant protection and security, in no case less than that required by international law.

2. If, within the territories of either Party, a national of the other Party is taken into custody, the nearest consular representative of his country shall on the demand of such national be immediately notified and shall have the right to visit and communicate with such national. Such national shall: (*a*) receive reasonable and humane treatment; (*b*) be formally and immediately informed of the accusations against him; (*c*) be brought to trial with all convenient speed, with due consideration to the proper preparation of his defense; and (*d*) enjoy all means reasonably necessary to his defense, including the services of competent counsel of his choice.

Article IV

1. Nationals of either Party shall be accorded national treatment in the application of laws and regulations within the territories of the other Party that establish a pecuniary compensation or other benefit or service, on account of disease, injury or death arising out of and in the course of employment or due to the nature of employment.

2. In addition to the rights and privileges provided in paragraph 1 of the present Article, nationals of either Party within the territories of the other

Party shall be accorded national treatment in the application of laws and regulations establishing compulsory systems of social security, under which benefits are paid without an individual test of financial need; (*a*) against loss of wages or earnings due to old age, unemployment, sickness or disability, or (*b*) against loss of financial support due to the death of father, husband or other person on whom such support had depended.

Article V

1. Nationals and companies of either Party shall be accorded national treatment and most-favored-nation treatment with respect to access to the courts of justice and to administrative tribunals and agencies within the territories of the other Party, in all degrees of jurisdiction, both in pursuit and in defense of their rights. It is understood that companies of either Party not engaged in activities within the territories of the other Party shall enjoy such access therein without any requirement of registration or domestication.

2. Contracts entered into between nationals and companies of either Party and nationals and companies of the other Party, that provide for the settlement by arbitration of controversies, shall not be deemed unenforceable within the territories of such other Party merely on the grounds that the place designated for the arbitration proceedings is outside such territories or that the nationality of one or more of the arbitrators is not that of such other Party. No award duly rendered pursuant to any such contract, and final and enforceable under the laws of the place where rendered, shall be deemed invalid or denied effective means of enforcement within the territories of either Party merely on the grounds that the place where such award was rendered is outside such territories or that the nationality of one or more of the arbitrators is not that of such Party.

Article VI

1. Property of nationals and companies of either Party shall receive the most constant protection and security within the territories of the other Party.

2. The dwellings, offices, warehouses, factories and other premises of nationals and companies of either Party located within the territories of the other Party shall not be subject to molestation or to entry without just cause. Official searches and examinations of such premises and their contents, when necessary, shall be made only according to law and with careful regard for the convenience of the occupants and the conduct of business.

3. Neither Party shall take unreasonable or discriminatory measures that would impair the legally acquired rights or interests within its territories of nationals and companies of the other Party in the enterprises which they have established, in their capital, or in the skills, arts or technology which they have supplied.

4. Property of nationals and companies of either Party shall not be taken within the territories of the other Party except for a public purpose, nor shall it be taken without the prompt payment of just compensation. Such compensation shall be in an effectively realizable form and shall represent the full equivalent of the property taken; and adequate provision shall have been made at or prior to the time of taking for the determination and payment thereof.

5. Nationals and companies of either Party shall in no case be accorded, within the territories of the other Party, less than national treatment and most-favored-nation treatment with respect to the matters set forth in paragraphs 2 and 4 of the present Article. Moreover, enterprises in which nationals and companies of either Party have a substantial interest shall be accorded, within the territories of the other Party, not less than national treatment and most-favored-nation treatment in all matters relating to the taking of privately owned enterprises into public ownership and to the placing of such enterprises under public control.

Article VII

1. Enterprises which nationals and companies of either Party are permitted to establish or acquire, within the territories of the other Party, shall be permitted freely to conduct their activities therein, upon terms no less favorable than other enterprises of whatever nationality engaged in similar activities. Such nationals and companies shall enjoy the rights to continued control and management of such enterprises, and to do all other things necessary or incidental to the effective conduct of their affairs.

2. Each Party reserves the right to limit the extent to which aliens may establish or acquire interests in enterprises engaged within its territories in activities for gain (business activities) provided that in any event not less than most-favored-nation treatment shall be accorded. However, new limitations imposed by either Party upon the extent to which alien nationals or companies are permitted to carry on such activities within its territories shall not be applied as against enterprises which are engaged in such activities therein at

the time such limitations are adopted and which are owned or controlled by nationals and companies of the other Party.

Article VIII

1. Nationals and companies of either Party shall be permitted, in accordance with the applicable laws, to engage, within the territories of the other Party, accountants and other technical experts, executive personnel, attorneys, agents and other specialists of their choice. Moreover, such nationals and companies shall be permitted to engage accountants and other technical experts regardless of the extent to which they may have qualified for the practice of a profession within the territories of such other Party, for the particular purpose of making examinations, audits and technical investigations for, and rendering reports to, such nationals and companies in connection with the planning and operation of their enterprises, and enterprises in which they have a financial interest, within such territories.

2. Nationals and companies of either Party shall be accorded national treatment and most-favored-nation treatment with respect to engaging in scientific, educational, religious and philanthropic activities within the territories of the other Party, and shall be accorded the right to form associations for that purpose under the laws of such other Party. Nothing in the present Treaty shall be deemed to grant or imply any right to engage in political activities.

Article IX

1. Nationals and companies of either Party shall be accorded within the territories of the other Party:

(*a*) national treatment with respect to leasing land, buildings and other real property appropriate to the conduct of activities in which they are permitted to engage pursuant to Articles VII and VIII and for residential purposes and with respect to occupying and using such property, and

(*b*) other rights in real property permitted by the applicable laws of the other Party.

2. Nationals and companies of either Party shall be permitted freely to dispose of property within the territories of the other Party with respect to the acquisition of which through testate or intestate succession their alienage has

prevented them from receiving national treatment, and they shall be permitted a term of at least five years in which to effect such disposition.

3. Nationals and companies of either Party shall be accorded within the territories of the other Party national treatment and most-favored-nation treatment with respect to acquiring, by purchase, lease or otherwise, and with respect to owning and possessing, personal property of all kinds, both tangible and intangible. However, either Party may impose restrictions on alien ownership of materials dangerous from the standpoint of public safety and alien ownership of interests in enterprises carrying on particular types of activity, but only to the extent that this can be done without impairing the rights and privileges secured by Article VII or by other provisions of the present Treaty.

4. Nationals and companies of either Party shall be accorded within the territories of the other Party national treatment and most-favored-nation treatment with respect to disposing of property of all kinds.

Article X

1. Nationals and companies of either Party shall be accorded, within the territories of the other Party, national treatment and most-favored-nation treatment with respect to obtaining and maintaining patents of invention, and with respect to rights in trademarks, trade names, trade labels and industrial property of every kind.

2. The Parties undertake to cooperate in furthering the interchange and use of scientific and technical knowledge, particularly in the interests of increasing productivity and improving standards of living within their respective territories.

Article XI

1. Nationals of either Party residing within the territories of the other Party, and companies of either Party engaged in trade or other gainful pursuit or in scientific, educational, religious or philanthropic activities within the territories of the other Party, shall not be subject to the payment of taxes, fees or charges imposed upon or applied to income, capital, transactions, activities or any other object, or to requirements with respect to the levy and collection thereof, within the territories of such other Party, more burdensome than those borne by nationals and companies of such other Party.

2. With respect to nationals of either Party who are not resident within the territories of the other Party, and with respect to companies of either Party which are not engaged in trade or other gainful pursuit within the territories of the other Party, it shall be the aim of such other Party to apply in general the principle set forth in paragraph 1 of the present Article.

3. Nationals and companies of either Party shall in no case be subject, within the territories of the other Party, to the payment of taxes, fees or charges imposed upon or applied to income, capital, transactions, activities or any other object, or to requirements with respect to the levy and collection thereof, more burdensome than those borne by nationals, residents and companies of any third country.

4. In the case of companies of either Party engaged in trade or other gainful pursuit within the territories of the other Party, and in the case of nationals of either Party engaged in trade or other gainful pursuit within the territories of the other Party but not resident therein, such other Party shall not impose or apply any tax, fee or charge upon any income, capital or other basis in excess of that reasonably allocable or apportionable to its territories, nor grant deductions and exemptions less than those reasonably allocable or apportionable to its territories. A comparable rule shall apply also in the case of companies organized and operated exclusively for scientific, educational, religious and philanthropic purposes.

5. Each Party reserves the right to : (*a*) extend specific tax advantages on the basis of reciprocity; (*b*) accord special tax advantages by virtue of agreements for the avoidance of double taxation or the mutual protection of revenue; and (*c*) apply special provisions in allowing, to non residents, exemptions of a personal nature in connection with income and inheritance taxes.

Article XII

1. Nationals and companies of either Party shall be accorded by the other Party national treatment and most-favored-nation treatment with respect to payments, remittances and transfers of funds or financial instruments between the territories of the two Parties as well as between the territories of such other Party and of any third country.

2. Neither Party shall impose exchange restrictions as defined in paragraph 5 of the present Article except to the extent necessary to prevent its monetary

reserves from falling to a low level, to effect an increase in the reserves in order to bring them up to an adequate level, or both. It is understood that the provisions of the present Article do not alter the obligations either Party may have to the International Monetary Fund or preclude imposition of particular restrictions whenever the Fund specifically authorizes or requests a Party to impose such particular restrictions.

3. If either Party imposes exchange restrictions in accordance with paragraph 2 of the present Article, it shall, after making whatever provision may be necessary to assure the availability of foreign exchange for goods and services essential to the health and welfare of its people, make reasonable provision for the withdrawal, in foreign exchange in the currency of the other Party, of: (*a*) the compensation referred to in Article VI, paragraph 4, (*b*) earnings, whether in the form of salaries, interest, dividends, commissions, royalties, payments for technical services, or otherwise, and (*c*) amounts for amortization of loans, depreciation of direct investments, and capital transfers, giving consideration to special needs for other transactions. If more than one rate of exchange is in force, the rate applicable to such withdrawals shall be a rate which is specifically approved by the International Monetary Fund for such transactions or, in the absence of a rate so approved, an effective rate which, inclusive of any taxes or surcharges on exchange transfers, is just and reasonable.

4. Exchange restrictions shall not be imposed by either Party in a manner unnecessarily detrimental or arbitrarily discriminatory to the claims, investments, transport, trade, and other interests of the nationals and companies of the other Party, nor to the competitive position thereof.

5. The term "exchange restrictions" as used in the present Article includes all restrictions, regulations, charges, taxes, or other requirements imposed by either Party which burden or interfere with payments, remittances or transfers of funds or of financial instruments between the territories of the two Parties.

6. Each Party shall afford the other Party adequate opportunity for consultation at any time regarding application of the present Article.

Article XIII

Commercial travellers representing nationals and companies of either Party engaged in business within the territories thereof shall, upon their entry into and departure from the territories of the other Party and during their

sojourn therein, be accorded most-favored-nation treatment in respect of the customs and other matters, including, subject to the exceptions in paragraph 5 of Article XI, taxes and charges applicable to them, their samples and the taking of orders, and regulations governing the exercise of their functions.

Article XIV

1. Each Party shall accord most-favored-nation treatment to products of the other Party, from whatever place and by whatever type of carrier arriving, and to products destined for exportation to the territories of such other Party, by whatever route and by whatever type of carrier, with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation.

2. Neither Party shall impose restrictions or prohibitions on the importation of any product of the other Party, or on the exportation of any product to the territories of the other Party, unless the importation of the like product of, or the exportation of the like product to, all third countries is similarly restricted or prohibited.

3. If either Party imposes quantitative restrictions on the importation and exportation of any product in which the other Party has an important interest:

(*a*) it shall to the extent practicable give prior public notice of the total amount of the product, by quantity or value, that may be imported or exported during a specified period, and of any change in such amount or period;

(*b*) in case public notice of permitted imports or exports is not practicable, it shall provide to the other Party, upon request, all relevant information concerning the administration of the restrictions; and

(*c*) if it makes allotments to any third country, it shall afford such other Party a share proportionate to the amount of the product, by quantity or value supplied by or to it during a previous representative period, due consideration being given to any special factors affecting the trade in such product.

4. Either Party may impose prohibitions or restrictions on sanitary or other customary grounds of a noncommercial nature, or in the interest of preventing deceptive or unfair practices, provided such prohibitions or restrictions do not arbitrarily discriminate against the commerce of the other Party.

5. Nationals and companies of either Party shall be accorded national treatment and most-favored-nation treatment by the other Party with respect to all matters relating to importation and exportation.

6. The provisions of the present Article shall not apply to advantages accorded by either Party:

(*a*) to products of its national fisheries;

(*b*) to adjacent countries in order to facilitate frontier traffic; or

(*c*) by virtue of a customs union or free-trade area of which it may become a member, so long as it informs the other Party of its plans and affords such other Party adequate opportunity for consultation.

7. Notwithstanding the provisions of paragraphs 2 and 3 (*c*) of the present Article, a Party may apply restrictions or controls on importation and exportation of goods that have effect equivalent to, or which are necessary to make effective, exchange restrictions applied pursuant to Article XII. However, such restrictions or controls shall depart no more than necessary from the aforesaid paragraphs and shall be conformable with a policy designed to promote the maximum development of nondiscriminatory foreign trade and to expedite the attainment both of a balance-of-payments position and of monetary reserves which will obviate the necessity for such restrictions.

Article XV

1. Each Party shall promptly publish laws, regulations and administrative rulings of general application pertaining to rates of duty, taxes or other charges, to the classification of articles for customs purposes, and to requirements or restrictions on imports and exports or the transfer of payments therefor, or affecting their sale, distribution or use; and shall administer such laws, regulations and rulings in a uniform, impartial and reasonable manner. As a general practice, new administrative requirements or restrictions affecting imports, with the exception of those relating to customs duties and internal

revenue taxes and with the exception of requirements and restrictions imposed on sanitary grounds or for reasons of public safety, shall not go into effect before the expiration of 30 days after publication, or alternatively, shall not apply to products en route at time of publication.

2. Each Party shall provide an appeals procedure under which nationals and companies of the other Party, and importers of products of such other Party, shall be able to obtain prompt and impartial review, and correction when warranted, of administrative action relating to customs matters, including the imposition of fines and penalties, confiscations, and rulings on questions of customs classification and valuation by the administrative authorities. Penalties imposed for infractions of the customs and shipping laws and regulations shall be merely nominal in cases resulting from clerical errors or when good faith can be demonstrated.

Article XVI

1. Products of either Party shall be accorded, within the territories of the other Party, national treatment and most-favored-nation treatment in all matters affecting internal taxation, sale, distribution, storage and use.

2. Articles produced by nationals and companies of either Party within the territories of the other Party, or by companies of the latter Party controlled by such nationals and companies, shall be accorded therein treatment no less favorable than that accorded to like articles of national origin by whatever person or company produced, in all matters affecting exportation, taxation, sale, distribution, storage and use.

Article XVII

1. Each Party undertakes :

(*a*) that enterprises owned or controlled by its Government, and that monopolies or agencies granted exclusive or special privileges within its territories, shall make their purchases and sales involving either imports or exports affecting the commerce of the other Party solely in accordance with com-

mercial considerations, including price, quality, availability, marketability transportation and other conditions of purchase or sale; and

(*b*) that the nationals, companies and commerce of such other Party shall be afforded adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases and sales.

2. Each Party shall accord to the nationals, companies and commerce of the other Party fair and equitable treatment, as compared with that accorded to the nationals, companies and commerce of any third country, with respect to :

(*a*) the governmental purchase of supplies,
(*b*) the awarding of concessions and other government contracts, and
(*c*) the sale of any service sold by the Government or by any monopoly or agency granted exclusive or special privileges.

Article XVIII

1. The two Parties agree that business practices which restrain competition, limit access to markets or foster monopolistic control, and which are engaged in or made effective by one or more private or public commercial enterprises or by combination, agreement or other arrangement among such enterprises, may have harmful effects upon commerce between their respective territories. Accordingly, each Party agrees upon the request of the other Party to consult with respect to any such practices and to take such measures as it deems appropriate with a view to eliminating such harmful effects.

2. The Parties recognize that conditions of competitive equality should be maintained in situations in which publicly owned or controlled trading or manufacturing enterprises of either Party engage in competition, within the territories thereof, with privately owned and controlled enterprises of nationals and companies of the other Party. Accordingly, such private enterprises shall, in such situations, be entitled to the benefit of any special advantages of an economic nature accorded such public enterprises, whether in the nature of subsidies, tax exemptions or otherwise. The foregoing rule shall not apply, however, to special advantages given in connection with :

(*a*) manufacturing goods for government use, or supplying goods and services to the Government for government use; or

(*b*) supplying, at prices substantially below competitive prices, the needs of particular population groups for essential goods and services not otherwise practically obtainable by such groups.

Article XIX

There shall be freedom of transit through the territories of each Party by the routes most convenient for international transit :

(*a*) for nationals of the other Party, together with their baggage;

(*b*) for other persons, together with their baggage, en route to or from the territories of such other Party; and

(*c*) for products of any origin en route to or from the territories of such other Party.

Such persons and things in transit shall be exempt from customs duties, from duties imposed by reason of transit, and from unreasonable charges and requirements; and shall be free from unnecessary delays and restrictions. They shall, however, be subject to measures referred to in paragraph 3 of Article II, and to nondiscriminatory regulations necessary to prevent abuse of the transit privilege.

Article XX

1. The present Treaty shall not prelude the application of measures :

(*a*) regulating the importation or exportation of gold or silver;

(*b*) relating to fissionable materials, to radioactive by-products of the utilization or processing thereof, or to materials that are the source of fissionable materials;

(*c*) regulating the production of or traffic in arms, ammunition and implements of war, or traffic in other materials carried on directly or indirectly for the purpose of supplying a military establishment;

(*d*) necessary to fulfill the obligations of a Party for the maintenance or restoration of international peace and security, or necessary to protect its essential security interests; and

(*e*) denying to any company in the ownership or direction of which nationals of any third country or countries have directly or indirectly the controlling interest, the advantages of the present Treaty, except with respect to recognition of juridical status and with respect to access to courts.

2. The most-favored-nation provisions of the present Treaty relating to the treatment of goods shall not apply to advantages accorded by the United

States of America or its Territories and possessions to one another, to the Republic of Cuba, to the Republic of the Philippines, to the Trust Territory of the Pacific Islands or to the Panama Canal Zone.

3. The provisions of the present Treaty relating to the treatment of goods shall not preclude action by either Party which is required or specifically permitted by the General Agreement on Tariffs and Trade[1] during such time as such Party is a contracting party to the General Agreement. Similarly, the most-favored-nation provisions of the present Treaty shall not apply to special advantages accorded by virtue of the aforesaid Agreement.

4. The most-favored-nation treatment provisions of the present Treaty shall not apply to special advantages permitted by the General Agreement on Tariffs and Trade and accorded by the provisions of any agreement made by either Party with a third country before the coming into force of the present Treaty or an agreement made renewing or continuing any special advantages previously accorded.

5. Nationals of either Party admitted into the territories of the other Party for limited purposes shall not enjoy rights to engage in gainful occupations in contravention of limitations expressly imposed, according to law, as a condition of their admittance.

Article XXI

1. The term " national treatment " means treatment accorded within the territories of a Party upon terms no less favorable than the treatment accorded therein, in like situations, to nationals, companies, products or other objects, as the case may be, of such Party.

[1] United Nations, *Treaty Series*, Vol. 55, p. 187; Vols. 56 to 64; Vol. 65, p. 335; Vol. 66, pp. 358 and 359; Vol. 68, p. 286; Vol. 70, p. 306; Vol. 71, p. 328; Vol. 76, p. 282; Vol. 77, p. 367; Vol. 81, pp. 344 to 377; Vol. 90, p. 324; Vol. 92, p. 405; Vol. 104, p. 351; Vol. 107, p. 83; Vol. 117, p. 387; Vol. 123, p. 303; Vol. 131, p. 316; Vol. 135, p. 336; Vol. 138, p. 334; Vol. 141, p. 382; Vols. 142 to 146; Vol. 147, p. 159; Vol. 161, p. 365; Vol. 163, p. 375; Vol. 167, p. 265; Vol. 172, p. 340; Vol. 173, p. 395; Vol. 176, p. 3; Vol. 180, p. 299; Vol. 183, p. 351; Vol. 186, p. 314; Vol. 188, p. 366; Vol. 189, p. 360; Vol. 191, p. 364; Vol. 220, p. 154; Vol. 225, p. 258; Vol. 226, p. 342; Vol. 228, p. 366; Vol. 230, p. 430; Vol. 234, p. 310; Vol. 243, p. 314; Vols. 244 to 246; Vol. 247, p. 386; Vol. 248, p. 359; Vol. 250, p. 290; Vol. 253, p. 316; Vol. 256, p. 338; Vol. 257, p. 362; Vol. 258, p. 384; Vol. 261, p. 390; Vol. 265, p. 328; Vol. 271, p. 386; Vol. 274, p. 322; Vol. 277, p. 346; Vol. 278, p. 168; Vol. 280, p. 350; Vol. 281, p. 394; Vol. 283, p. 308; Vol. 285, p. 372; Vol. 287, p. 343; Vol. 300, p. 371; Vol. 306, p. 332; Vol. 309, p. 362; Vol. 317, p. 317; Vol. 320, p. 326; Vol. 321, p. 244; Vol. 324, p. 300; Vol. 328, p. 290; Vol. 330, p. 352; Vol. 338, p. 334; Vol. 344, p. 304; Vol. 346, p. 312; Vol. 347, p. 362; Vol. 349, p. 314; Vol. 350, p. 3; Vol. 351, p. 380; Vol. 355, p. 406; Vol. 358, p. 256; Vol. 362, p. 324; Vol. 363, p. 402; Vol. 367, p. 314; Vol. 373, p. 350; Vol. 376, p. 406; Vol. 377, p. 396; Vol. 381, p. 380; Vol. 382, p. 330; Vol. 386, p. 376; Vol. 387, p. 330; Vol. 388, p. 334; Vol. 390, p. 348; Vol. 398 and Vol. 402.

2. The term " most-favored-nation treatment " means treatment accorded within the territories of a Party upon terms no less favorable than the treatment accorded therein, in like situations, to nationals, companies, products or other objects, as the case may be, of any third country.

3. As used in the present Treaty, the term " companies " means corporations, partnerships, companies and other associations, whether or not with limited liability and whether or not for pecuniary profit. Companies constituted under the applicable laws and regulations within the territories of either Party shall be deemed companies thereof and shall have their juridical status recognized within the territories of the other Party.

4. National treatment accorded under the provisions of the present Treaty to companies of Pakistan shall, in any State, Territory or possession of the United States of America, be the treatment accorded therein to companies created or organized in other States, Territories, and possessions of the United States of America.

Article XXII

The territories to which the present Treaty extends shall comprise all areas of land and water under the sovereignty or authority of each Party, other than the Panama Canal Zone and the Trust Territory of the Pacific Islands.

Article XXIII

1. Each Party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as the other Party may make with respects to any matter affecting the operation of the present Treaty.

2. Any dispute between the Parties as to the interpretation or application of the present Treaty, not satisfactorily adjusted by diplomacy, shall be submitted to the International Court of Justice, unless the Parties agree to settlement by some other pacific means.

Article XXIV

1. The present Treaty shall be ratified, and the instruments of ratification thereof shall be exchanged at Karachi as soon as possible.

2. The present Treaty shall enter into force one month after the day of exchange of instruments of ratification. It shall remain in force for ten

years and shall continue in force thereafter until terminated as provided herein.

3. Either Party may, by giving one year's written notice to the other Party, terminate the present Treaty at the end of the initial ten-year period or at any time thereafter.

IN WITNESS WHEREOF the respective Plenipotentiaries have signed the present Treaty and have affixed hereunto their seals.

DONE in duplicate at Washington, this twelfth day of November, one thousand nine hundred fifty-nine.

For the United States of America :

Christian A. HERTER

[SEAL]

For Pakistan :

Zulfikar Ali BHUTTO

[SEAL]

PROTOCOL

At the time of signing the Treaty of Friendship and Commerce between the United States of America and Pakistan[1] the undersigned Plenipotentiaries, duly authorized by their respective Governments, have further agreed on the following provisions, which shall be considered integral parts of the aforesaid Treaty :

1. The provisions of Article II, paragraph 1 (*b*), shall be construed as extending to a national of either Party seeking to enter the territories of the other Party solely for the purpose of developing and directing the operations of an enterprise in the territories of such other Party in which his employer has invested or is actively in the process of investing a substantial amount of capital, provided that such employer is a national or company of the same nationality as the applicant and that the applicant is employed by such national or company in a responsible capacity.

[1] See p. 260 of this volume.

2. The term " access " as used in Article V, paragraph 1, comprehends, among other things, legal aid and security for costs and judgment.

3. The provisions of Article VI, paragraph 4, providing for the payment of compensation shall extend to interests held directly or indirectly by nationals and companies of either Party in property which is taken within the territories of the other Party.

4. With reference to Article VII, paragraph 2, either Party may require that rights to engage in mining on the public domain shall be dependent on reciprocity.

5. The provision for most-favored-nation treatment in Article VII, paragraph 2, shall not apply to the practice of professions.

6. The provisions of Article XI, paragraph 1, shall not prevent a Party from granting an adjustment in the income tax or corporation tax payable by companies which declare and pay dividends within its territories.

7. Nothing in the present Treaty shall be construed to supersede any provision of the Convention between Pakistan and the United States of America with respect to taxes on income, signed at Washington July 1, 1957,[1] and instruments of ratification exchanged at Karachi on May 21, 1959.

8. The treatment provided in Article XII, paragraph 1, as clarified by reference to Article XXI, paragraphs 1 and 2, has only in view to preclude discrimination on the ground of nationality of persons and companies and does not, for instance, preclude special arrangements providing more favorable treatment for transactions in certain currencies than for transactions in other currencies for balance-of-payments reasons, or the application of residence requirements.

9. With reference to Article XIV, paragraph 3 (*b*), the Party applying restrictions may withhold from the other Party, for such period as may be necessary to assure success of the policy of restriction, any information the premature disclosure of which might endanger such policy.

10. The provisions of Article XX, paragraph 2, shall apply in the case of Puerto Rico regardless of any change that may take place in its political status.

[1] United Nations, *Treaty Series*, Vol. 344, p. 203.

11. Article XXII does not apply to territories under the authority of either Party solely as a military base or by reason of temporary military occupation.

IN WITNESS WHEREOF the respective Plenipotentiaries have signed this Protocol and have affixed hereunto their seals.

DONE in duplicate at Washington, this twelfth day of November, one thousand nine hundred fifty-nine.

For the United States of America :

Christian A. HERTER

[SEAL]

For Pakistan :

Zulfikar Ali BHUTTO

[SEAL]