

No. 1520

**YUGOSLAVIA
and
ALBANIA**

**Agreement concerning the establishment of an Albanian-
Yugoslav Oil Prospecting and Development Company.
Signed at Belgrade, on 28 November 1946**

Official text: French.

Registered by Yugoslavia on 27 November 1951.

**YOUGOSLAVIE
et
ALBANIE**

**Accord concernant la fondation d'une Société albanou-
yougoslave de recherches et d'exploitation du naphte.
Signé à Belgrade, le 28 novembre 1946**

Texte officiel français.

Enregistré par la Yougoslavie le 27 novembre 1951.

[TRANSLATION — TRADUCTION]

No. 1520. AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF ALBANIA. CONCERNING THE ESTABLISHMENT OF AN ALBANIAN-YUGOSLAV OIL PROSPECTING AND DEVELOPMENT COMPANY. SIGNED AT BELGRADE, ON 28 NOVEMBER 1946

In order to give effect to the Agreement concluded at Belgrade on 1 July 1946², between the Government of the Federal People's Republic of Yugoslavia and the Government of the People's Republic of Albania, with a view to developing close economic relations between Yugoslavia and Albania, the two Contracting Parties have agreed upon the following provisions :

Article 1

A limited liability company to be known as the Albanian-Yugoslav Oil Prospecting and Development Company (hereinafter referred to as "the Company") shall be established.

The head office of the Company shall be at Tirana.

The Company shall have the status of an Albanian limited liability company and shall operate according to the laws of the People's Republic of Albania.

Article 2

The Company shall have the right to prospect for oil throughout the territory of the People's Republic of Albania and to extract oil in the fields already discovered, enumerated in the Protocol annexed to the present Agreement, and in any fields it may itself discover.

Article 3

The objects of the Company shall be :

(1) To discover, by geological research and boring, oil-fields, deposits and natural gas fields in the territory of the People's Republic of Albania;

¹ Came into force on 28 November 1946, as from the date of signature, in accordance with article 15.

² See p. 5 of this volume.

(2) If conditions are favourable, to carry out all preparatory work on oil-fields, bitumen deposits and natural gas fields to open them for exploitation;

(3) To exploit oil-fields, bitumen deposits and natural gas fields already discovered and exploited and any fields the Company may discover and open for exploitation if conditions be favourable;

(4) To process oil and its derivatives and bitumen.

Article 4

The initial capital of the Company shall be 4 million Albanian francs, divided into 400 registered non-negotiable shares.

The Federal People's Republic of Yugoslavia and the People's Republic of Albania shall each subscribe 50 per cent of the capital provided for under the preceding paragraph. The capital may not be increased except by agreement between the two Contracting Governments, the parity remaining unchanged.

The Contracting Governments shall subscribe their shares within the six months following the entry into force of the present Agreement, in a manner and under conditions to be fixed by a separate protocol.

Article 5

In addition to the initial capital each Contracting Government may subscribe supplementary capital.

All existing and new investments, cash, etc., contributed to the Company by one of the Contracting Parties over and above its share of the initial capital shall be regarded as supplementary capital. Supplementary capital shall be the property of the Company.

The amount of the supplementary capital shall not affect the participation in the initial capital.

Article 6

The Company shall be managed by a Board of Directors consisting of six members elected by the meeting of shareholders.

In accordance with article 4, paragraph 2, of the present Agreement, one-half of the members of the Board of Directors shall be representatives of the Federal People's Republic of Yugoslavia and the other half representatives of the People's Republic of Albania.

The decisions of the Board of Directors shall be taken in agreement between the representatives present of the Yugoslav and Albanian shareholders.

Article 7

The Company shall have a Supervisory Committee consisting of four members elected by the meeting of shareholders.

The Chairman of the Supervisory Committee shall be one of the representatives of the People's Republic of Albania, and his deputy one of the representatives of the Federal People's Republic of Yugoslavia.

In accordance with article 4, paragraph 2, of the present Agreement, one-half of the members of the Supervisory Committee shall be representatives of the Federal People's Republic of Yugoslavia and the other half representatives of the People's Republic of Albania.

The decisions of the Supervisory Committee shall be taken by agreement between the representatives present of the Yugoslav and Albanian shareholders.

Article 8

The articles governing the internal organization and the operations of the Company shall be drawn up by the first meeting of shareholders.

Amendments to the Company's articles shall be made by the meeting of shareholders upon the proposal of the Board of Directors.

Article 9

Should the capital provided for under article 4 of the present Agreement prove insufficient for the needs of the Company, the latter may obtain the amount required from the Albano-Yugoslav Bank.

Article 10

The Government of the People's Republic of Albania shall place at the Company's disposal all equipment in the oil-fields of Kučova and Patos and in the bitumen deposits of Selenica necessary for the Company's work. The equipment shall be valued by a joint commission, consisting of an equal number of Yugoslav and Albanian experts, appointed by their respective Governments. The commission shall determine the value of the equipment at the prices in US dollars on the world market at the time of their transfer to the Company, allowance being made for amortization and depreciation due to wear or obsolescence.

New equipment shall be valued at prices in US dollars on the world market.

If the joint commission fails to agree on the value of the articles, the final decision shall be taken by the representatives of the two Governments appointed for the purpose.

Article 11

In return for ceding the oil prospecting and exploitation rights, the People's Republic of Albania shall receive 50 per cent of the net profits resulting from the extraction of crude oil.

The remaining 50 per cent of the net profit from the extraction of crude oil and all the profits resulting from refining shall be divided in proportion to the initial capital subscribed and to the supplementary capital invested in the Company.

In return for ceding prospecting and exploitation rights, the People's Republic of Albania shall receive 15 per cent of the net profits resulting from the extraction of bitumen. The remaining 85 per cent resulting from the extraction of bitumen and all the profits resulting from its processing shall be divided in proportion to the initial capital subscribed and to the supplementary capital invested in the Company.

Article 12

The Government of the People's Republic of Albania undertakes to place at the Company's disposal the necessary land which the Company may purchase or take for temporary use; an amount representing its value shall be recognized by the Company as supplementary capital subscribed by the Government of the People's Republic of Albania, on the basis of a valuation to be made by a joint commission set up for the purpose, consisting of an equal number of Yugoslav and Albanian experts appointed by their respective Governments.

If the joint commission fails to agree on the valuation, the final decision shall be taken by the representatives of the two Governments appointed for the purpose.

The value of the land shall be determined according to local conditions.

Article 13

The Company shall be exempt from all direct taxation; the question of the tax on the Company's output shall be settled by subsequent agreement between the two Governments.

Article 14

The Company shall be set up for a term of thirty years. One year prior to the expiry of that term, the meeting of shareholders may extend the term for a further five years and the same procedure may be repeated one year prior to the expiry of each successive five-year period. If the term of the Company is not extended, the Government of the People's Republic of Albania shall be entitled to buy the Yugoslav share of the capital.

A decision to liquidate the Company prior to the expiry of the term as provided in the preceding paragraph, may be taken only by the meeting of shareholders on the proposal of the Board of Directors made by a unanimous decision of its members.

On the liquidation of the Company its property shall be divided in proportion to participation in the initial capital and the supplementary capital.

Article 15

The present Agreement shall enter into force on the date of its signature.

IN FAITH WHEREOF, the plenipotentiaries of both Governments have signed the present Agreement and have affixed their seals thereto.

DONE at Belgrade, on 28 November one thousand nine hundred and forty-six, in French, in two copies, one for each Contracting Party.

For the Federal People's Republic of Yugoslavia :
(Signed) Nikola PETROVIĆ

For the People's Republic of Albania :
(Signed) Nako SPIRU