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**UNION OF SOVIET SOCIALIST REPUBLICS  
and  
PAKISTAN**

**Trade Agreement (with annex). Signed at Karachi on  
27 June 1956**

*Authentic texts: Russian and English.*

*Registered by the Union of Soviet Socialist Republics on 30 August 1969.*

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**UNION DES RÉPUBLIQUES SOCIALISTES  
SOVIÉTIQUES  
et  
PAKISTAN**

**Accord commercial (avec annexe). Signé à Karachi le 27 juin  
1956**

*Textes authentiques: russe et anglais.*

*Enregistré par l'Union des Républiques socialistes soviétiques le 30 août 1969.*

TRADE AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF  
THE UNION OF SOVIET SOCIALIST REPUBLICS AND  
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF  
PAKISTAN

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The Government of the Union of Soviet Socialist Republics and the Government of the Islamic Republic of Pakistan desiring further to develop trade relations between the two countries on principles of equality and mutual benefit, have agreed as follows :

*Article I*

Each Contracting Party shall accord to the other Contracting Party unconditional most favoured nation treatment in all matters with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation and with respect to the method of levying such duties and charges, with respect to the rules and formalities connected with importation and exportation, and with respect to all internal taxes or internal charges of any kind and with respect to all laws, regulations and requirements affecting internal sale, offering for sale, purchase, distribution or use of imported goods within the territory of such Contracting Party.

Accordingly, products of each Contracting Party imported into the territory of the other Contracting Party shall not be subject, in regard to the matters referred to in the first paragraph of this article, to any duties, taxes, or charges other or higher, or to any rules or formalities more burdensome, than those to which like products of any third country are or may hereafter be subject.

Similarly, products exported from the territory of a Contracting Party and consigned to the territory of the other Contracting Party shall not be subject, in regard to matters referred to in the first paragraph of this article, to any duties, taxes or charges other or higher, or to any rules or formalities more burdensome, than those to which like products when consigned to the territory of any third country are or may hereafter be subject.

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<sup>1</sup> Came into force on 3 September 1956, the date of the exchange of notes conveying its approval by the two Governments, in accordance with article XI.

Any advantage, favour, privilege or immunity which has been or may hereafter be granted by either Contracting Party in regard to the matters referred to in the first paragraph of this article, to any product of any third country shall be accorded immediately and without compensation to like products originating in the territory of the other Contracting Party, and irrespective of the nationality of the carrier.

### *Article II*

The provisions of Article I, however, shall not apply to :

- (a) any advantages which either country has accorded, or may accord at any time during the period of validity of this agreement, to bordering countries in order to facilitate frontier traffic;
- (b) any advantages accorded in connection with a customs union or free trade zone of which either Contracting Party may become a member;
- (c) preferences or advantages accorded by Pakistan to any country prior to the 15th August, 1947, and existing on the date of this agreement or accorded in replacement of such preferences or advantages;
- (d) measures which either country may take to maintain its essential security and to protect public health.

### *Article III*

Merchant ships of either country entering, staying in or leaving the ports of the other country shall be accorded most favoured nation treatment in respect of all facilities provided under its laws, rules and regulations to merchant ships of any third country.

The provisions of this article shall not apply to coastal shipping.

### *Article IV*

The Government of Pakistan agrees to allow, subject to its import and foreign exchange regulations, the import from the USSR of the articles mentioned in Schedule A to this Agreement.

The Government of the USSR agrees to allow the export to Pakistan of the articles mentioned in Schedule A above, subject to its laws and regulations.

*Article V*

The Government of the USSR agrees to allow, subject to its import and foreign exchange regulations, the import from Pakistan of the articles mentioned in Schedule B to this agreement.

The Government of Pakistan agrees to allow the export to the USSR of the articles mentioned in Schedule B above, subject to its laws and regulations.

*Article VI*

Nothing contained in this agreement shall restrict the foreign trade organisations of the USSR and private persons, firms and organizations in Pakistan from carrying on trade in accordance with the laws, rules and regulations in force in each country in goods not included in Schedules A and B appended to this Agreement.

*Article VII*

The two Contracting Parties shall render all assistance for facilitating trade carried on in accordance with this agreement.

To facilitate the settlement of matters arising in course of trade between the two countries, the two Contracting Parties agree that arbitration in respect of such matters may be agreed upon by parties to the transaction.

*Article VIII*

All payments between the USSR and Pakistan relating to the importation and exportation of goods, charges incidental thereto and other payments of a commercial nature, will be made in Pakistan rupees. For this purpose the State Bank of the USSR will maintain one or more accounts with one or more commercial bank/banks in Pakistan authorised to deal in foreign exchange. In addition, the State Bank of the USSR will maintain another account with the State Bank of Pakistan. All commercial transactions financed in rupees will take place through the account or accounts maintained with commercial bank/banks. Balances in these accounts will be free for transfer from one account to another or to the account maintained with the State Bank of Pakistan. Transfer of funds between the USSR and Pakistan and replenishing the balances of the accounts maintained with a commercial bank/banks in Pakistan shall be carried out only through the State Banks of the two countries.

Such payments as are to be made to residents of the USSR by residents of Pakistan will be effected, subject to exchange regulations in force, by crediting

the amounts of such payments to the above account or accounts of the State Bank of the USSR with a commercial bank/banks in Pakistan. Such payments as are to be made by residents in the USSR to residents in Pakistan will be effected, subject to exchange regulations in force, by debiting the account or accounts with a commercial bank or banks.

#### *Article IX*

Payments of a non-commercial nature as are agreed to between the Governments of the U.S.S.R. and Pakistan may also be made through rupee accounts mentioned in Article VIII of this agreement.

#### *Article X*

Any balances in the rupee account maintained by the State Bank of the USSR with the State Bank of Pakistan will be convertible on demand into sterling at the selling rate of sterling fixed by the State Bank of Pakistan for banks in Pakistan authorised to deal in foreign exchange.

Such balances will also be convertible on demand into Sterling on the expiry of this agreement.

#### *Article XI*

This agreement shall come into force from the date of exchange of notes conveying approval of the agreement by the Government of the U.S.S.R. and by the Government of Pakistan and shall remain in force for one year from that date.

If no notice of termination is given by either Government three months before the expiry of the initial period of one year, the agreement shall continue to remain in force for a further period, it being understood that it may be terminated at any time after the initial period upon a notice of three months by either Government.

DONE in Karachi on the 27th day of June, 1956 in two original copies each in the Russian and English languages, both texts being equally authentic.

On behalf of the Government  
of the Union of Soviet  
Socialist Republics :

М. КУЗЬМИН<sup>1</sup>

On behalf of the Government  
of the Islamic Republic  
of Pakistan :

M. KARAMATULLAH

<sup>1</sup> M. KUZMIN

## ANNEX

## SCHEDULE A

## GOODS FOR EXPORT FROM THE USSR TO PAKISTAN

1. Metalworking and woodworking machines, tools and instruments
2. Industrial machinery, equipment, parts and accessories
3. Power and electric equipment
4. Excavators, autocranes and road building machinery
5. Tractors and agricultural machinery
6. Cotton ginning machinery
7. Flour milling machinery
8. Motor cycles
9. Pumps and compressor equipment
10. International combustion engines, including engines for ships
11. Boring and mining equipment
12. Printing machinery
13. Building, crushing and grinding equipment
14. Refrigerating equipment
15. Cinematographic equipment, photo cameras and accessories
16. Optical and electric measuring instruments and accessories
17. Ball and roller bearings and abrasives
18. Ferrous metals and metal products
19. Anchors, ropes and wires
20. Non-ferrous metals and ferro-alloys
21. Electrical goods, including electrical instruments and appliances for household use
22. Coal
23. Graphite
24. Petroleum and petroleum products
25. Cement
26. Asbestos and manufactures thereof
27. Timber, including sawn timber
28. Building materials, all sorts
29. Newsprint
30. Chemical fertilizers
31. Chemicals, all sorts
32. Dyestuffs
33. Essential oils, including synthetic
34. Medicinal crude drugs and medicines
35. Automobile tyres and inner tubes, as well as other rubber articles
36. Explosives for mining purposes
37. Plastics, celluloid, articles thereof and synthetic stones
38. Sanitary equipment
39. Laboratory and medical equipment and appliances
40. Typewriters and calculating machines
41. Porcelain and china-ware and glassware, including laboratory utensils

42. Cinematographic films, X-ray films, plates and sensitive paper
43. Cotton thread
44. Fire hose, cotton driving belts and tape
45. Cycles and spare parts thereof
46. Needles, all sorts
47. Small metallic articles for footwear
48. Essences for soft beverages
49. Plant seeds
50. Sports goods not manufactured in Pakistan
51. Cinematograph films (exposed)
52. Scientific, technical and medical books & magazines

### SCHEDULE B

#### GOODS FOR EXPORT FROM PAKISTAN TO THE USSR

1. Jute and Jute manufactures
  2. Kenaf and other fibres and fibre manufactures
  3. Wool
  4. Hides and skins, including karakulis, reptile skins and crocodile skins, including kips
  
  5. Tanned leather
  6. Animal hair
  7. Gelatine and slake glue
  8. Tea
  9. Cotton
  10. Kapok
  11. Cotton seed oil cake
  12. Castor seeds and oil cakes
  13. Other oil seed cakes
  14. Shark Liver oil
  15. Medicinal herbs, crude drugs, specialities and medicines, including Ephedra and Ephedrine Hydrochloride
  16. Henna leaves
  17. Guar seed
  18. Saltpetre
  19. Sports goods and gut
  20. Buttons made of horn, bone and mother-of-pearl
  21. Cinematograph films (exposed)
  22. Scientific, technical and medical books and magazines
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