

No. 10279

UNION OF SOVIET SOCIALIST REPUBLICS
and
AFGHANISTAN

Agreement on economic and technical co-operation during the period 1967-1972 (with annexes). Signed at Moscow on 6 February 1968

Authentic texts: Russian and Dari.

Registered by the Union of Soviet Socialist Republics on 3 February 1970.

UNION DES RÉPUBLIQUES SOCIALISTES
SOVIÉTIQUES
et
AFGHANISTAN

Accord de coopération économique et technique pour les années 1967-1972 (avec annexes). Signé à Moscou le 6 février 1968

Textes authentiques : russe et dari.

Enregistré par l'Union des Républiques socialistes soviétiques le 3 février 1970.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE ROYAL GOVERNMENT OF AFGHANISTAN ON ECONOMIC AND TECHNICAL CO-OPERATION DURING THE PERIOD 1967-1972

The Government of the Union of Soviet Socialist Republics and the Royal Government of Afghanistan,

Considering the friendly relations existing between the USSR and Afghanistan,

Desiring further to expand and strengthen economic and technical co-operation between the two countries,

Have agreed as follows:

Article I

During the period of the implementation of Afghanistan's Third Five-Year Plan (1967-1972), the Union of Soviet Socialist Republics and the Kingdom of Afghanistan shall co-operate:

1. In the completion of construction of the projects and in the execution of the operations provided for in the Soviet-Afghan agreements and protocols on economic and technical co-operation currently in force;
2. In the construction of the projects and the execution of the operations enumerated in annex 1 of this Agreement and also in the construction of other projects, a list of which shall be drawn up by the Parties following study of the economic and technical reports prepared for each project;
3. In the construction of industrial enterprises, a list of which shall be drawn up by the competent Soviet and Afghan organizations following preparation and study of reports on the technical feasibility and economic advisability of their construction.

¹ Came into force provisionally on 6 February 1968 by signature, and definitively on 18 March 1969 by the exchange of the instruments of ratification, which took place at Kabul, in accordance with article XIII.

Article II

For the purpose of providing economic assistance to Afghanistan in the construction of the projects and the execution of the operations provided for in article I of this Agreement, the Government of the Union of Soviet Socialist Republics shall:

1. Grant to the Royal Government of Afghanistan a loan of 14 million roubles, in addition to the loan of 73 million roubles granted to the Royal Government of Afghanistan under the Agreement of 16 October 1961 and on the terms set forth therein, for payment of the expenses incurred by the Soviet organizations in providing technical assistance in the completion of construction of the projects and in the execution of the operations provided for in annex 2 of this Agreement;

2. Grant to the Royal Government of Afghanistan a loan of up to 65 million roubles at 2 per cent interest per annum for payment of the expenses incurred by the Soviet organizations in the construction of the projects and the execution of the operations provided for in article I, paragraph 2, of this Agreement;

3. Deliver consumer goods to Afghanistan during the period 1968-1972 and grant for this purpose a loan of up to 17 million roubles at 2 per cent interest per annum to defray a portion of the expenses of the projects to be constructed within the framework of Soviet-Afghan co-operation;

4. Guarantee that the Soviet organizations will grant to the Afghan organizations and companies a loan of up to 18 million roubles repayable in instalments over a period of up to eight years and at 2-3 per cent interest per annum, depending on the nature and duration of the construction of the projects provided for in article I, paragraph 3, of this Agreement.

Article III

The loan of 65 million roubles granted in accordance with article II, paragraph 2, of this Agreement shall be used to pay for:

—The planning and exploratory work to be done by the Soviet organizations;

—The machinery and construction and other equipment as well as materials unobtainable in Afghanistan which are to be delivered from the USSR, franco ex warehouse Termez or Kushka, including machinery and equipment

to be delivered on a lease basis, and also the costs of transporting them to Tash Guzar, Kelif or Sherkhan;

—The expenses incurred by the Soviet organizations in sending Soviet experts to Afghanistan to provide technical assistance on all questions connected with the implementation of this Agreement, including the expenses incurred in sending experts to provide assistance in the operation of the projects;

—The expenses connected with the subsistence of Afghan nationals sent to the USSR for industrial and technical training at appropriate Soviet enterprises and institutions.

The Royal Government of Afghanistan shall repay the portions of the above-mentioned loan taken down in each calendar year in twelve equal annual instalments, beginning three years after the year in which the relevant portion of the loan is taken down.

Interest on the loan shall accrue from the date on which the relevant portion of the loan is taken down and shall be paid not later than 1 May of the year following the year for which it is payable. The last payment of interest shall be made at the same time as the last payment on the principal of the loan. The date of the deed of transfer shall be deemed to be the date on which the loan was taken down for the purchase of equipment and materials, and the date of the account shall be deemed to be the date on which the loan was taken down to pay for other types of services and the leasing of machinery and equipment.

In drawing up the list of projects provided for in article I, paragraph 2, and in determining the extent of the obligations of the Soviet organizations in providing technical assistance in the construction of the said projects, the Parties shall bear in mind that the total expenses incurred by the Soviet organizations in providing technical assistance are not to exceed the amount of the loan of 65 million roubles.

If, however, the total expenses incurred by the Soviet organizations in providing the said technical assistance exceed 65 million roubles, the Parties shall consider the possibility of either deleting certain projects from the agreed list or arranging for Afghanistan to pay the sum in excess under the Soviet-Afghan trade agreement in force.

Article IV

The Royal Government of Afghanistan shall repay those portions of the loan of 17 million roubles provided for in article II, paragraph 3, of this Agreement which are taken down in each calendar year in seven equal annual instalments, beginning three years after the year in which the relevant portion of the loan is taken down.

Interest on the loan shall accrue from the date on which the relevant portion of the loan is taken down and shall be paid not later than 1 May of the year following the year for which it is payable. The last payment of interest shall be made at the same time as the last payment on the principal of the loan. The date of the bill of lading shall be deemed to be the date on which the loan was taken down in the case of deliveries c.i.f. Afghan ports and the date of the deed of transfer in the case of deliveries franco ex seller's warehouse at Termez or Kushka.

The nature, quantities and dates of delivery of the goods to be supplied under the loan for the above-mentioned sum shall be the subject of a separate agreement between the Parties.

Article V

Repayment of the loans referred to in article II, paragraphs 2 and 3, of this Agreement and payment of the interest accruing thereon shall be effected by the Royal Government of Afghanistan in the form of deliveries to the USSR from Afghanistan of natural gas and other Afghan goods under the conditions laid down in the Soviet-Afghan trade agreement in force, as follows:

At least three months before the commencement of each calendar year in which the loans are to be repaid and the interest thereon paid, the Parties shall agree on the quantities of natural gas to be delivered and on the nature, prices, quantities and dates of delivery of other goods to be supplied during that calendar year.

If the value of the natural gas and other Afghan goods delivered is not equal to the amount of the regular payments due in any given calendar year against the principal of the loan and the interest thereon, the remaining amount shall be paid by Afghanistan in accordance with article 13 of the Soviet-Afghan Trade and Payments Agreement of 17 July 1950 in convertible and other currency to be determined by agreement between the Parties. The conversion

of roubles into the other currency shall be effected on the basis of the gold value of the currencies concerned on the date of payment.

Payment of the expenses incurred by the Soviet organizations in providing technical assistance in the construction of the enterprises provided for in article I, paragraph 3, of this Agreement shall be effected in the form of deliveries of natural gas and other Afghan goods under the Soviet-Afghan trade agreement in force, taking into account the provisions of article II, paragraph 4, of this Agreement.

Article VI

For purposes of accounting in respect of the utilization and repayment of the loans granted in accordance with article II of this Agreement and in respect of the accrual and payment of the interest thereon, the State Bank of the USSR, or on its behalf the Foreign Trade Bank of the USSR, and the Da Afghanistan Bank shall open for each other special loan accounts in roubles, shall together determine the technical procedure for settlements and the management of the accounts in respect of the loans or make appropriate changes in the previously agreed procedure for the management of the accounts, and shall also, when necessary, agree on the procedure for accounting in respect of the payments provided for in article II, paragraph 4, of this Agreement.

Article VII

If the gold value of the rouble should change (at the present time, 1 rouble = 0.987412 grammes of fine gold), the State Bank of the USSR, or on its behalf the Foreign Trade Bank of the USSR, and the Da Afghanistan Bank shall, on the day on which the gold value of the rouble changes revalue by a proportionate amount the balances in the loan accounts opened in accordance with article VI of this Agreement. Any unused portion of the loan shall be revalued in the same way.

Article VIII

With a view to implementing the co-operation provided for in article I of this Agreement:

1. The Soviet organizations shall:
 - Carry out the necessary planning and exploratory work;
 - Deliver machinery and construction and other equipment as well as materials which are unobtainable in Afghanistan;

—Send Soviet experts to Afghanistan to assemble preliminary data, to carry out exploratory work and geological surveys, to provide direct supervision and consultation in the construction of projects by the originators of the plans, to give industrial and technical training to Afghan nationals, and to co-operate in the assembly, adjustment and initial operation of equipment;

—Receive Afghan nationals for industrial and technical training at appropriate enterprises and institutions in the USSR with a view to their subsequent employment on the projects constructed in accordance with this Agreement;

—Send Soviet experts to Afghanistan to assist in the operation of the projects constructed with the help of the USSR, as provided in article IX of this Agreement.

2. The Afghan organizations shall:

—Provide the Soviet organizations with such preliminary data required for planning as are available in Afghanistan and co-operate with the Soviet organizations in assembling and preparing other necessary data;

—Consider and, where they are in agreement, approve plans within sixty days after their submission by the Soviet organizations;

—Execute the construction work for the projects and carry out the operations in accordance with the technical specifications, with the technical assistance of the Soviet organizations;

—Execute the construction work for the basic projects and subsidiary installations and supply the labour and such of the requisite materials as are obtainable in Afghanistan;

—Arrange for the financing, in Afghan currency, of the construction work for the projects and the execution of the other operations and, at their own expense provide housing, medical services, essential public utility services and transport for official travel within Afghanistan to the Soviet experts and translators and their families who are sent to Afghanistan to provide technical assistance under this Agreement.

Article IX

The Government of the Union of Soviet Socialist Republics shall provide technical assistance to Afghanistan in the operation of projects constructed and under construction with the help of the USSR. For this purpose:

Appropriate Soviet experts shall be sent to Afghanistan, in numbers and for periods to be agreed between the competent organizations of the Parties and under the conditions specified in article III of this Agreement;

Spare parts, materials and replacement equipment required for the operation of the projects shall be delivered to Afghanistan, and the Afghan organizations shall be permitted to make deferred payments over a period of five years at 2 per cent interest per annum.

Article X

The planning and exploratory work, the delivery of equipment and materials, the industrial and technical training of Afghan nationals and other forms of technical assistance pursuant to this Agreement shall be effected on the basis of contracts to be concluded between the competent Soviet and Afghan organizations, duly empowered for the purpose by the appropriate authorities of the USSR and Afghanistan; the said contracts shall be considered and signed by the organizations with the least possible delay.

The contracts shall specify quantities, delivery periods, prices and other detailed conditions relating to the provision of technical assistance to the Afghan organizations; the prices of the equipment and materials to be delivered by the USSR in accordance with this Agreement shall be determined on the basis of world market prices. In addition, the contracts shall specify the obligations of the Afghan organizations as regards assembling preliminary data, the preparation of construction sites, the provisions to the Soviet experts of housing with essential public utilities, medical services and transport for official travel, the consideration and approval of plans, the supply of labour and other matters and shall also specify definite time-limits for the performance of such obligations.

Article XI

In accordance with the Soviet-Afghan Agreement of 17 October 1963 and under the loan provided for in this Agreement, the Soviet organizations shall provide technical assistance to the Afghan organizations in the expansion of gas-field operations in the Shibarghan area, including the drilling of development wells, and shall send Soviet experts to assist in gas-field and gas pipeline operations.

The Royal Government of Afghanistan shall repay that portion of the above-mentioned loan in excess of 18.3 million roubles (up to the amount of

16.7 million roubles) which is taken down in each calendar year in equal annual instalments over the following eight years.

Article XII

Representatives of the Parties shall meet regularly on the proposal of either Party with a view to reviewing progress in the implementation of this Agreement and, if it is deemed necessary to do so, preparing appropriate recommendations. Such recommendations shall be submitted to the Governments of the Contracting Parties for consideration.

The above-mentioned meetings shall take place alternately at Kabul and Moscow.

Article XIII

This Agreement is subject to ratification in accordance with the established procedure in each country and shall enter into force provisionally on the date of signature and definitively on the date of the exchange of the instruments of ratification, which shall take place at Kabul.

DONE at Moscow on 6 February 1968, corresponding to 16 Dalv 1346, in duplicate in the Russian and Dari languages, both texts being equally authentic.

For the Government
of the Union of Soviet
Socialist Republics:

V. NOVIKOV

For the Royal Government
of Afghanistan:

A. YAFTALI

ANNEX 1

LIST OF THE PROJECTS AND OPERATIONS REFERRED TO
IN ARTICLE I, PARAGRAPH 2, OF THE AGREEMENT

1. Geological prospecting, geophysical and drilling operations for petroleum and gas in northern Afghanistan.
2. Combined surveying and geological exploration for solid minerals.
3. Construction of housing settlement and construction depot attached to nitrogenous fertilizer factory at Mazar-i-Sharif.

4. Construction of electric power substation in the northern part of Kabul with an electric transmission line from the "Vostochnaya" electric power substation.
5. Electric transmission line from the thermal electric power station attached to the nitrogenous fertilizer factory at Mazar-i-Sharif to the town of Balkh.
6. Preparation of non-cultivated land in the area of the Jalalabad canal for the cultivation of crops.
7. Planning and exploratory work on the Shibarghan-Herat and Kunduz-Faizabad highways.

ANNEX 2

LIST OF THE PROJECTS AND OPERATIONS REFERRED TO IN ARTICLE II, PARAGRAPH 1, OF THE AGREEMENT

1. Nitrogenous fertilizer factory in the town of Mazar-i-Sharif.
 2. "Bagram" airfield.
 3. Polytechnic institute in Kabul.
 4. Two farms and land reclamation in the area of the Jalalabad canal.
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