

No. 10361

**UNION OF SOVIET SOCIALIST REPUBLICS
and
CEYLON**

Agreement on economic and technical co-operation (with annexed schedule). Signed at Colombo on 25 February 1958

Protocol to the above-mentioned Agreement. Signed at Colombo on 29 April 1968

Authentic texts of the Agreement: Russian and English.

Authentic texts of the Protocol: Russian, English and Sinhalese.

Registered by the Union of Soviet Socialist Republics on 17 March 1970.

**UNION DES RÉPUBLIQUES SOCIALISTES
SOVIÉTIQUES
et
CEYLAN**

**Accord de coopération économique et technique (avec liste annexée).
Signé à Colombo le 25 février 1958**

Protocole à l'Accord susmentionné. Signé à Colombo le 29 avril 1968

Textes authentiques de l'Accord : russe et anglais.

Textes authentiques du Protocole : russe, anglais et cinghalais.

Enregistrés par l'Union des Républiques socialistes soviétiques le 17 mars 1970.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE
UNION OF SOVIET SOCIALIST REPUBLICS AND THE
GOVERNMENT OF CEYLON ON ECONOMIC AND
TECHNICAL CO-OPERATION

With the common intention of further promoting friendly relations and developing economic and technical co-operation on the basis of equality, mutual benefit and non-interference in the internal affairs of each Country, the Government of the Union of Soviet Socialist Republics and the Government of Ceylon have entered into the following Agreement:

Article 1

The Government of the Union of Soviet Socialist Republics, responding to the request of the Government of Ceylon, have agreed to co-operate with the Government of Ceylon in the implementation of its economic development programme and to this end, shall render technical assistance in carrying out investigations, preparation of designs and the construction of some irrigation and hydropower projects, in land development and expansion of some agricultural crops, in the development of fisheries as well as in the establishment of some industrial enterprises.

Projects and works for technical assistance to be rendered to the Ceylon state organizations by the Soviet organizations are listed in the Schedule which constitutes an integral part of this Agreement.

Article 2

In pursuance of the co-operation set out in Article 1 of this Agreement the Government of the Union of Soviet Socialist Republics shall provide for:

—carrying out designs, surveys and investigations by the Soviet organizations in co-operation with the Ceylon state organizations; supply of some

¹ Came into force on 16 May 1958 by the exchange of the instruments of ratification, which took place at Moscow, in accordance with article 11.

materials necessary for the construction which are not available in Ceylon, equipment and machinery for the construction of projects and implementation of works scheduled to this Agreement;

- rendering technical assistance by Soviet experts at construction sites (technical advice and supervision), in erection, adjustment and commissioning of projects to be effected with the help of the Soviet organizations;
- sending Soviet specialists to Ceylon on mission for rendering technical assistance in training Ceylon nationals in maintenance and operation of the projects to be established with the help of the USSR; as well as for shop-floor training of Ceylon specialists at corresponding Soviet enterprises.

Article 3

In pursuance of the co-operation set out in Article 1 of this Agreement the Government of Ceylon will implement, through the Ceylon organizations the construction and erection work for the projects to be undertaken under the provisions of the present Agreement; will ensure the organization of all works involved in the construction, including employment of labour, supply of building materials available in Ceylon, construction of subsidiary enterprises and establishment of municipal services, as well as financing local costs incurred by the construction of projects and carrying out of works provided for under this Agreement.

The Ceylon organizations shall hand over to the Soviet organizations on dates to be mutually agreed upon all the initial data necessary for preparation of designs for the projects listed in the Schedule to this Agreement.

Article 4

The Government of the Union of Soviet Socialist Republics agrees to extend credit to the Government of Ceylon of 120,000,000 (one hundred and twenty million) roubles (one rouble equals to 0.222168 grammes of fine gold) at 2.5 per cent interest per annum for the period of five years beginning with the date of entry into force of this Agreement to cover;

- the costs borne by the Soviet organizations in the preparation of designs, surveys and investigations;

- the costs of equipment, machinery and some materials necessary for the construction which are not available in Ceylon and are to be supplied from the USSR on C.I.F. Ceylon Ports basis;
- the travelling expenses of Soviet specialists sent to Ceylon for rendering technical assistance as well as the costs of shop-floor training of Ceylon specialists in the USSR.

The period for the use of credit stated in this Article may be prolonged upon mutual agreement of the Parties.

Article 5

The Government of Ceylon shall repay the amounts of credit used for each project, the credit being stipulated in Article 4 of this Agreement, in twelve equal annual instalments. The first instalment shall be made upon completion of deliveries of equipment from the USSR and upon completion of designs, surveys and investigations provided for in the corresponding Contracts for each project. The date of the use of credit for the payments of equipment, machinery and materials will be considered the date of the Bill of Lading and for the payments to cover designing and other costs for rendering technical assistance — the date of Contractor's invoice.

Interest will accrue from the date of the use of the corresponding part of the credit and shall be paid within the first quarter of the year following the year in which it has accrued.

Article 6

Payments of amounts to cover credit and interest accrued thereon shall be credited in Pounds Sterling to an account which will be opened with the Central Bank of Ceylon in favour of the State Bank of the USSR. The amounts credited to this account may be used by Soviet organizations for the purchase of Ceylon goods on the terms and conditions of the Soviet-Ceylon Trade and Payments Agreements¹ in force and/or will be available for transfer in Pounds Sterling or in other convertible currency agreed upon by the State Bank of the USSR and the Central Bank of Ceylon.

¹ See "Trade Agreement" of 8 February 1958, in United Nations, *Treaty Series*, vol. 348, p. 159. See also "Payments Agreement" of 8 February 1958, *Ibid.*, vol. 730, No. 10491.

Where payments to cover credit and interest accrued thereon are to be made by deliveries of Ceylon goods, authorized Soviet and Ceylon organizations, three months before each next year of payments to cover credit and interest thereon, shall agree upon provisional lists of goods scheduled for deliveries during the next calendar year, their prices on the level of world market prices, as well as their quantities and dates of delivery.

Where payments to cover credit and interest accrued thereon are to be made in Pounds Sterling or other convertible currency, the conversion of such currency into roubles shall be effected on the gold parity of such currency to the rouble on the date of payment.

Article 7

For the purpose of keeping records of the credit used and repaid, which is extended under this Agreement, as well as the payment of interest accruing thereon, the State Bank of the USSR and the Central Bank of Ceylon shall open special credit accounts in roubles in favour of each other and shall establish by mutual agreement the procedure for settling these accounts.

Article 8

The Government of the Union of Soviet Socialist Republics shall hand over to the Government of Ceylon technical documentation and information necessary for the organization of production at the projects to be established under this Agreement. The transfer of the above documentation and information shall be effected free of charge, while the Ceylon Party shall bear only the actual costs of the Soviet organizations connected with the preparation and transfer of such documentation.

The above documentation and information is to be used exclusively in Ceylon and is not to be transferred to foreign natural or juridical persons.

Article 9

The Government of Ceylon shall repay to the Soviet Party all expenses borne by the Soviet organizations in connection with the sending of Soviet specialists on mission to Ceylon in pursuance of this Agreement, except for the travelling expenses of Soviet specialists to Ceylon and back, as well as costs borne by the Soviet organizations stipulated in Article 8 of this Agreement, by crediting the amounts in Ceylon rupees, provided for under the Contracts, to a special account which will be opened with the Central Bank of Ceylon

in favour of the State Bank of the USSR. The amounts credited to this account may be used by the Soviet organizations for covering their operating costs in Ceylon and any balance unused may be transferred under the provisions of the Soviet-Ceylon Payments Agreement in force in Pounds Sterling or other convertible currency agreed upon by the State Bank of the USSR and the Central Bank of Ceylon.

Article 10

The execution of designs, surveys and investigations, supplies of equipment, machinery and materials from the USSR, deputing Soviet specialists to Ceylon and rendering any other technical assistance by the Soviet Party under this Agreement shall be effected on the basis of Contracts to be entered into by the Soviet and Ceylon organizations duly authorized by the Governments of the two countries.

The Contracts will specify, in particular, the volume, dates, costs and other terms and conditions connected with the implementation of designs, surveys and investigations, supplies of equipment, machinery and materials, deputing Soviet specialists to Ceylon and Ceylon nations to the USSR for the purpose of training as well as rendering any other technical assistance to be effected under the present Agreement.

The prices of equipment, machinery and materials to be supplied from the USSR to Ceylon, will be fixed on the basis of the world market prices.

Should the costs of designs, surveys and investigations, supplies of equipment, machinery and materials and other services to be rendered by the Soviet Party under Article 4 of this Agreement exceed the amount of the credit, i.e. 120,000,000 (one hundred and twenty million) roubles the amount in excess shall be paid by the Ceylon Party by deliveries of Ceylon goods to the USSR on the terms and conditions of the Soviet-Ceylon Trade and Payments Agreements in force and/or in Pounds Sterling or other convertible currency to be agreed upon between the State Bank of the USSR and the Central Bank of Ceylon.

Article 11

The present Agreement is subject to ratification in the shortest possible period by each Contracting Party in conformity with its law and shall enter

into force on the date of exchange of the instruments of ratification which will take place in Moscow.

DONE in the City of Colombo, this twenty fifth day of February 1958, in duplicate, in the Russian and English languages, both texts being equally authentic.

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

[*Illegible — Illisible*]¹

On behalf of the Government
of Ceylon:

[*Illegible — Illisible*]²

SCHEDULE TO THE AGREEMENT BETWEEN THE GOVERNMENT OF
THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE GOVERN-
MENT OF CEYLON ON ECONOMIC AND TECHNICAL CO-OPERA-
TION DATED FEBRUARY 25, 1958

LIST OF PROJECTS AND WORKS FOR SOVIET TECHNICAL ASSISTANCE TO BE RENDERED TO
THE CEYLON STATE ORGANIZATIONS

1. The construction of the dam and irrigation canals to supply with water newly developed lands of the extent of 20,000 acres and to ensure the existing irrigation schemes with better watering of the extent of 15,000 acres in the Malwatu Oya Basin.
Technical assistance to the Ceylon Party in the preparation of designs and investigations.
Supply of equipment and machinery necessary for the construction and maintenance of the projects as well as supply of some materials.
Technical assistance in the construction.
2. Preparation of the Kelani Ganga Basin scheme for flood control and utilization of water potential of the Basin with a view to flood protection, development of power and irrigation.
Execution of surveys and investigations jointly with the Ceylon Party as well as supply of equipment necessary for this work.

¹ П. Малетин.

² S. de Zoysa.

Drawing up a scheme for flood control and utilization of water potential of the Basin.

Preparation of designs for the construction of a hydropower electric station with the approximate capacity of 50,000 kW and for other first-priority projects.

3. Preparation of the Kalu Ganga Basin scheme for flood control and utilization of water potential of the Basin with a view to flood protection, development of power and irrigation.

Execution of surveys and investigations jointly with the Ceylon Party as well as supply of equipment necessary for this work.

Drawing up a scheme for flood control and utilisation of water potential of the Basin.

Preparation of the design for a first-priority hydroelectric scheme and power station with the capacity of not less than 50,000 kW.

4. Clearing of jungle and land development for a sugar cane plantation of the extent of 6,000 acres at Kantalai.

Supply of equipment for land clearing, levelling as well as preparation of the soil for cultivation.

Supply of equipment for a machine repair shop.

Technical assistance in the execution of works and in training personnel to operate machinery and equipment supplied from the USSR.

5. Clearing of jungle and land development for a cotton plantation of the extent of 5,700 acres in the Hambantota district with the construction of a ginning plant and setting up of a laboratory.

Supply of equipment and machinery for land clearing, levelling and preparation of the soil for cultivation and cultivation itself.

Supply of equipment and machinery for a ginning plant with the capacity of up to 15,000 tons of raw cotton per annum.

Supply of equipment for a machine repair shop and for a laboratory.

Technical assistance in the execution of works mentioned above and in training personnel to operate machinery and equipment supplied from the USSR.

Sending Ceylon specialists to the USSR to study methods of cultivation and processing of cotton.

6. Establishment of a metallurgical works.

Carrying out investigations and preparation of the design for this metallurgical works.

Supply of equipment for a steel rolling mill shop of 35,000 tons annual output in two shifts as well as supply of some materials for the construction.

Technical assistance in the construction.

Training Ceylon nationals at corresponding enterprises in the USSR.

7. Establishment of a factory for motor car tyres and tubes.

Carrying out investigations and preparation of the design for the factory.
Supply of equipment and some materials.
Technical assistance in the construction as well as in maintenance and operation of the plant.
8. Mining of peat at Maturajawela.
Execution of investigations and experiments to work out proposals on the suitability of peat for fuel and fertilizers.
Preparation of designs for mining de-watering and drying of peat.
Supply of equipment and machinery for mining and de-watering of peat.
Technical assistance in mining and de-watering of peat.
9. Establishment of a flour milling plant with an annual capacity of up to 70,000 tons of wheat and construction of a grain elevator of up to 20,000 tons capacity.
Execution of investigations and preparation of the designs for the flour milling plant and grain elevator.
Supply of equipment, machinery and some materials.
Technical assistance in the construction as well as in maintenance and operation.
10. Establishment of a plant for building materials and prefabricated units for housing construction.
Execution of investigations to assess available resources for building materials and working out proposals.
Preparation of the design for the plant.
Supply of equipment, machinery and some materials for the construction of the plant.
Technical assistance in the construction of the plant.
11. Establishment of a cold storage plant for storing 200 tons of fruits and vegetables.

Preparation of the design.
Supply of equipment and some materials.
Technical assistance in the construction.
12. Establishment of a pilot plant for extracting flour from manioc with an output of 1,000 kg per shift.
Preparation of the design.
Supply of equipment and some materials.
Technical assistance in the construction and in carrying out experimental work.
13. Rendering technical assistance in the development of fisheries.
Carrying out research work in collaboration with Ceylon specialists to

assess fish resources and to this end to send a research vessel with a crew and research workers for a period of six months.

Supply of trawlers of medium size, motor boats as well as sample of outboard and stationary engines and samples of fish-nets.

Technical assistance in the mechanization of fisheries and improvement in the methods of fishing as well as in training crews to operate ships supplied from the USSR.

14. Rendering technical assistance in the utilization of by-products of salt manufacture.
Execution of research work and technical advice.
15. Rendering assistance in equipping "Science teaching laboratories" for junior secondary schools.
Supply of equipment, devices and instruments.
Advice on the use of equipment to be supplied from the Soviet Union and on methods to be employed at "Science teaching laboratories".
16. Rendering technical assistance in the restoration of some irrigation structures damaged by floods.
Supply of separate items of equipment and technical assistance.

NOTE:

The list of projects and works may be further specified or modified upon the agreement of the Parties within the amount of credit extended under this Agreement.

Dates and order of priority for the establishment of projects and execution of works are to be fixed and agreed upon by the Parties.

PROTOCOL¹ TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE GOVERNMENT OF CEYLON ON ECONOMIC AND TECHNICAL CO-OPERATION SIGNED ON FEBRUARY 25, 1958²

The Government of the Union of Soviet Socialist Republics and the Government of Ceylon with the common intention of further strengthening the friendly relations existing between the two countries and the developing economic and technical co-operation stipulated in the Agreement of February 25, 1958² have agreed on the following:

Article 1

The Government of the Union of Soviet Socialist Republics in response to the wishes of the Government of Ceylon for assistance in the implementation of its plans for the economic development of Ceylon expresses its consent to co-operate in:

— expanding the Metallurgical Works established with the assistance of the USSR by rendering technical assistance in the construction of the 2nd and 3rd stages of these works.

The final decision on the construction and scope of production of the 2nd and 3rd stages of the Metallurgical Works shall be taken by the two Parties on the basis of a technical and economic report prepared by the Soviet Specialists:

— developing the C. I. S. I. R.

— training Ceylon nationals in the USSR.

¹ Came into force provisionally on 29 April 1968, by signature, and definitively on 3 September 1969 by the exchange of the instruments of ratification, which took place at Moscow, in accordance with article 13.

² See p. 143 of this volume.

Article 2

For the purpose of effecting the co-operation stipulated in Article I of this Protocol the Government of the Union of Soviet Socialist Republics shall provide for:

1. The preparation by Soviet organisations of a technical and economic report on the construction of the 2nd and 3rd stages of the Metallurgical Works including the scope of production using the necessary data supplied by and in consultation with Ceylon organisations.

2. Consequent on a positive decision on the report referred to above, the Soviet organisation shall:

— render assistance to Ceylon organisations in the collection of the data required for designing and the preparation by Ceylon organisation of the Memorandum of Instruction for designing the 2nd and 3rd stages of the said works;

— prepare a detailed project report and working drawings in the scope to be agreed upon by the relevant organisation of the Parties;

— supply Soviet-made equipment, machinery and materials which are not procurable in Ceylon;

— render technical assistance in the construction of the 2nd and 3rd stages of the said Works by exercising the author's technical supervision and giving consultations during the construction period;

— render technical assistance in the installation, adjustment and commissioning of the equipment;

For this purpose Soviet Specialists shall be deputed to Ceylon, their number, periods of their stay, specialities and terms and conditions shall be agreed upon by the relevant organisation of both Parties. The Soviet Specialists and instructors shall also be sent to Ceylon for rendering assistance in training Ceylon nationals in the operation of the 2nd and 3rd stages of the Metallurgical Works:

— receive in the USSR Ceylon nationals for industrial training.

3. Depute to Ceylon specialists-advisers for rendering assistance in developing the C. I. S. I. R. as well as receive in the USSR Ceylon nationals for training for periods, in numbers and in specialities to be agreed upon by the relevant organisations of both Parties.

Article 3

For the purpose of effecting the co-operation stipulated in Article I of this Protocol the relevant Ceylon organisations shall:

1. furnish the Soviet organisations with data required for drawing up the technical-economic report referred to in Article 2 of this Protocol as well as furnish all the initial data and the memorandum of Instructions necessary for working out a detailed project report on the 2nd and 3rd stages of the Metallurgical Works;

2. prepare detailed project reports and working drawings covering all the structures located beyond the territory of the 2nd and 3rd stages of the Metallurgical Works including settlements, approach and other roads, electric power and water supply, sewerage, etc. necessary for the normal operation of the Metallurgical Works. The initial data for the designing of these structures shall be worked out in mutual consultations between the relevant organisations of both Parties.

3. consider and approve the detailed project report of the 2nd and 3rd stages of the Metallurgical Works submitted by the Soviet organisations within the periods to be agreed upon by the organisations of both Parties;

4. execute all construction and installation works and provide for these all means and services including provision of projects under construction with the necessary labour force and construction materials, construction of auxiliary enterprises and public utilities as well as financing in local currency of all the expenses connected with construction of the projects and carrying out of works on the 2nd and 3rd stages of the Metallurgical Works as stipulated in this Protocol;

5. purchase, if necessary, licences for technological processes and equipment;

6. provide the 2nd and 3rd stages of the Metallurgical Works by time of commissioning and for the period of operation with skilled labour, raw materials, semi-finished goods, etc. as well as take whatever steps are necessary to ensure economy of production and marketing of the finished products.

Article 4

Payment of expenses incurred by the Soviet organisations in connection with rendering technical assistance in expanding the metallurgical Works as stipulated by Article I of this Protocol shall be effected in the following way;

— by the Government of Ceylon—out of the balance and on the terms and conditions of the Credit extended by the Soviet Ceylon Agreement of February 25, 1958—50 per cent of costs of preparing the technical and economic report on expanding the Metallurgical Works, surveys and investigations, cost of equipment, machinery, and certain types of necessary materials which are not procurable in Ceylon, and to be supplied from the USSR, expenses for travelling to and from Ceylon of Soviet specialists to be deputed for rendering technical assistance, and expenses for industrial training of Ceylon specialists in the USSR;

Repayment of this part of the Credit used for rendering technical assistance in construction of the second and third stages of the Metallurgical Works shall be effected by the Ceylon Party in twelve equal annual instalments from the moment of finalising the supplies from the USSR of complete sets of equipment and completion of works stipulated in relevant Contracts for the second and third stages of the Metallurgical Works or from the moment of utilising the final portion of the said credit, depending on whichever shall occur first.

— the remaining 50 per cent of the said expenses incurred by the Soviet organisations shall simultaneously be paid by the Ceylon Party under the Soviet-Ceylon Trade and Payments Agreement in force; the Soviet organisations shall enable the Ceylon organisations to effect payments by instalments within a period of 10 years with annual interest at 3 per cent.

After the complete utilisation of the said Credit balance all expenses incurred by the Soviet organisations shall be paid by the Ceylon Party under the Soviet-Ceylon Trade and Payments Agreements¹ in force by instalments within a period of 10 years at 3 per cent interest per annum.

Article 5

Payment of expenses of the Soviet organisations for the travel to and from Ceylon of the Soviet specialist-advisers to be deputed for rendering assistance in developing the C. I. S. I. R. and training Ceylon nationals in the USSR as stipulated in Article I of this Protocol shall be effected out of the credit balance and on the terms and conditions of the Soviet-Ceylon Agreement of February 25, 1958.

¹ See footnote 1, p. 147 of this volume.

Article 6

The Parties have agreed to supplement Article 9 of the Soviet-Ceylon Agreement of February 25, 1958, as follows:

“In the event of a change in the gold content of the Ceylon Rupee which at present equals 0.149297 grammes of fine gold, the Bank for Foreign Trade of the USSR and the Central Bank of Ceylon shall effect corresponding recalculation of the balance amount of the Special Account referred to in Article 9 of the Soviet-Ceylon Agreement of February 25, 1958 as on the day of such a change so as to have the gold equivalent of this amount unaltered.”

Article 7

The Parties have agreed to confine themselves to the volume of works already fulfilled as per item 1 and 5 of the Appendix to the Soviet-Ceylon Agreement of February 25, 1958 and consider in this connection the obligations of the Soviet Party in regard to items 1 and 5 of the Appendix to the Soviet-Ceylon Agreement of February 25, 1958 to be finalised.

Article 8

Pursuant to the signing of this Protocol Article 2 of the Protocol of June 12, 1962 to the Soviet-Ceylon Agreement of February 25, 1958, ceases to be in force.

Article 9

The period for utilising the Credit extended by the Government of the Union of Soviet Socialist Republics to the Government of Ceylon according to the Agreement on Economic and Technical Co-operation of February 25, 1958, is extended up to May 16, 1973.

Article 10

Should it be desired by the Government of Ceylon, the Soviet organisations shall render assistance to the Ceylon organisations in mastering the capacities and operation of the said Metallurgical Works by deputing Soviet specialists, supplying spare parts and necessary materials on the terms and conditions to be additionally agreed upon by the Parties.

Article 11

The State Bank of the USSR or, on its instructions, the Bank for Foreign Trade of the USSR and the Central Bank of Ceylon shall establish the procedures for keeping and settling of accounts as follows from this Protocol.

Article 12

With regard to all matters not covered by this Protocol, the relevant provisions of the Soviet-Ceylon Agreement of February 25, 1958, shall be applicable.

Article 13

This Protocol is subject to ratification in accordance with the regulations established in each country. It is agreed by the Parties that this Protocol shall provisionally come into force from the date of its signing. The Protocol shall finally come into force on the day of exchange of instruments of ratifications which shall take place in Moscow.

DONE in Colombo on 29th day of April 1968 in two authentic original copies each in Russian, Sinhalese and English, both copies in Russian and Sinhalese are equally valid. The English copy is a working one.

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

[Illegible — Illisible] ¹

On behalf of the Government
of Ceylon:

[Illegible — Illisible] ²

¹ В. Ефанов.

² G. Corea.