

**No. 13565**

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**FEDERAL REPUBLIC OF GERMANY  
and  
PAKISTAN**

**Agreement concerning financial assistance (with annex).  
Signed at Bonn on 14 November 1973**

*Authentic texts: German and English.*

*Registered by the Federal Republic of Germany on 8 October 1974.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE  
et  
PAKISTAN**

**Accord d'aide financière (avec annexe). Signé à Bonn le  
14 novembre 1973**

*Textes authentiques : allemand et anglais.*

*Enregistré par la République fédérale d'Allemagne le 8 octobre 1974.*

## AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY CONCERNING FINANCIAL ASSISTANCE

The Government of the Islamic Republic of Pakistan and the Government of the Federal Republic of Germany

in the spirit of the traditional friendly relations existing between the Islamic Republic of Pakistan and the Federal Republic of Germany,

desiring to strengthen and intensify those friendly relations by fruitful co-operation in the field of development assistance,

aware that the maintenance of those relations constitutes the basis of the present Agreement,

in supplementation of the assistance the Government of the Federal Republic of Germany has already granted the Government of the Islamic Republic of Pakistan, have agreed as follows:

*Article 1.* (1) The Government of the Federal Republic of Germany shall enable the Government of the Islamic Republic of Pakistan or other borrowers to be jointly selected by both Governments to raise with the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, loans in the amount of DM 85 million (eighty-five million Deutsche Mark).

(2) The loans under paragraph 1 above shall be used in accordance with the provisions of paragraphs 3 and 4 of this article.

(3) An amount of up to DM 30 million (thirty million Deutsche Mark) shall be used for projects to be jointly selected by the Contracting Parties if upon examination such projects have been found to be eligible for promotion.

(4) An amount of up to DM 55 million (fifty-five million Deutsche Mark) shall be used to pay the foreign exchange costs of procuring goods to meet current import requirements of Pakistan pursuant to the list of commodities attached to the present Agreement, and the services connected with such imports (commodity aid). In utilizing this sum sympathetic consideration shall be given to the requirements of enterprises established in Pakistan with German capital participation. It is the understanding of the Government of the Federal Republic of Germany that the Government of the Islamic Republic of Pakistan will use the counterpart Rupee funds accruing from the sale of the Deutsche Mark so loaned for development projects.

(5) The amount specified in paragraph 4 above includes liquidity aid in the amount of DM 5 million (five million Deutsche Mark) stipulated in the Agreement of 14 November 1973 between the Government of the Islamic Republic of Pakistan and the Government of the Federal Republic of Germany concerning debt relief.

*Article 2.* (1) The loans shall bear interest at a rate of two per cent per annum. The maturity of the loans shall be thirty years including a grace period of ten years.

<sup>1</sup> Came into force on 14 November 1973 by signature, in accordance with article 8.

(2) The other terms and conditions under which the loans are extended in each case shall be determined in the agreement to be concluded between the Government of the Islamic Republic of Pakistan or other borrowers to be jointly selected by the Contracting Parties and the Kreditanstalt für Wiederaufbau, which agreements shall be subject to the legislation in force in the Federal Republic of Germany.

*Article 3.* The Government of the Islamic Republic of Pakistan, to the extent to which it is not itself the borrower, shall guarantee to the Kreditanstalt für Wiederaufbau all payments and the resultant transfers to be made in fulfilment of the borrowers' liabilities under the loan agreements to be concluded.

*Article 4.* The Government of the Islamic Republic of Pakistan shall exempt the Kreditanstalt für Wiederaufbau from all taxes and other public charges levied by the Islamic Republic of Pakistan at the time of the conclusion or implementation of the loan agreements referred to in article 1 above.

*Article 5.* The Government of the Islamic Republic of Pakistan shall allow passengers and suppliers free choice of transport enterprises for such transportation by sea or air of persons and goods as results from the granting of the loan, shall take no measure that excludes or impairs the equal participation of transport enterprises from the Federal Republic of Germany or *Land* Berlin, and shall grant the relevant permits as required.

*Article 6.* With regard to the supplies resulting from the granting of the loan, the Government of the Federal Republic of Germany attaches particular importance to preference being given to products of industries of *Land* Berlin.

*Article 7.* This Agreement shall also apply to *Land* Berlin provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the Islamic Republic of Pakistan within three months after the entry into force of the present Agreement.

*Article 8.* The present Agreement shall enter into force on the date of signature thereof.

DONE at Bonn on 14 November 1973 in duplicate in the English and German languages, both texts being equally authentic.

For the Government  
of the Islamic Republic  
of Pakistan:

[Signed — Signé]<sup>1</sup>

For the Government  
of the Federal Republic  
of Germany:

[Signed — Signé]<sup>2</sup>

[Signed — Signé]<sup>3</sup>

<sup>1</sup> Signed by Sajjad Hyder — Signé par Sajjad Hyder.

<sup>2</sup> Signed by Lahn — Signé par Lahn.

<sup>3</sup> Signed by Klamser — Signé par Klamser.

## ANNEX

IN ACCORDANCE WITH ARTICLE 1, PARAGRAPH 4, OF THE AGREEMENT OF 14 NOVEMBER 1973 BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY CONCERNING FINANCIAL ASSISTANCE

1. List of commodities pursuant to article 1, paragraph 4, eligible for Pakistan purchases under the Agreement of 14 November 1973 in the amount of up to DM 55 million (fifty-five million Deutsche Mark) as commodity aid:

- (a) industrial raw and auxiliary materials as well as semi-manufactures;
- (b) industrial equipment, agricultural machinery and implements;
- (c) spare parts and accessories of all kinds;
- (d) chemical products, in particular fertilizers, plant protection agents and pesticides, pharmaceuticals;
- (e) other industrial products which are of importance for the economic development of Pakistan.

2. Imports according to the above list shall include the greatest variety of goods possible. Imports not covered by this list may be financed only with the prior approval of the Government of the Federal Republic of Germany.

The importation of luxury and consumer goods and of any goods that may be used for purposes of military equipment shall be excluded from commodity aid financing.

3. Import licences which have been issued by the Pakistan authorities since 1 July 1973 may be counted as part of commodity aid subject to the subsequent conclusion of a loan agreement to that effect.

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