

**No. 14801**

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**FEDERAL REPUBLIC OF GERMANY  
and  
PAKISTAN**

**Agreement concerning financial assistance (with annexed  
list of commodities). Signed at Islamabad on 15 No-  
vember 1974**

*Authentic texts: German and English.*

*Registered by the Federal Republic of Germany on 15 June 1976.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE  
et  
PAKISTAN**

**Accord d'aide financière (avec liste de produits en annexe).  
Signé à Islamabad le 15 novembre 1974**

*Textes authentiques : allemand et anglais.*

*Enregistré par la République fédérale d'Allemagne le 15 juin 1976.*

## 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 which the Government of the Federal Republic of Germany has hitherto provided to the Government of the Islamic Republic of Pakistan,

intending to contribute to the economic and social development in 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 the Contracting Parties to raise with the Kreditanstalt für Wiederaufbau, Frankfurt/Main, loans up to an amount of DM 90 million (ninety million Deutsche Mark).

(2) The loans referred to in paragraph 1 above shall be used in accordance with paragraphs 3 and 4 of this Article.

(3) An amount not exceeding DM 40 million (forty million Deutsche Mark) shall be used for projects to be jointly selected by the Contracting Parties if, after examination, they have been found eligible for promotion.

(4) An amount not exceeding DM 50 million (fifty million Deutsche Mark) shall be used to pay foreign exchange costs in respect of imports of goods to meet current essential civilian requirements of Pakistan pursuant to the list of commodities annexed to the present Agreement, and to finance transports connected therewith as well as other services (commodity aid).

(5) When the said amount is used, 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.

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

<sup>1</sup> Came into force on 15 November 1974 by signature, in accordance with article 9.

(2) The other terms and conditions on which the loans are granted in the individual case shall be governed by the provisions of the agreements 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 legal provisions applicable in the Federal Republic of Germany.

*Article 3.* The Government of the Islamic Republic of Pakistan, to the extent that it is not itself the borrower, shall guarantee to the Kreditanstalt für Wiederaufbau all payments in Deutsche Mark to be made in fulfilment of the borrowers' liabilities under the agreements to be concluded pursuant to Article 2 (2) above.

*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 during the implementation of the agreements referred to in Article 1 (2) of the present Agreement.

*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 loans, abstain from taking any measures that might exclude or impair the fair and equal participation of transport enterprises having their place of business in the German area of application of the present Agreement, and grant the relevant permits for such participation as required.

*Article 6.* Supplies and services for projects financed from the loans pursuant to Article 1 (3) above shall, unless otherwise provided for in individual cases, be subject to international public tender.

*Article 7.* With regard to the supplies resulting from the granting of the loans, the Government of the Federal Republic of Germany attaches particular importance to preference being given to products of industries of Land Berlin.

*Article 8.* With the exception of those provisions of Article 5 which refer to air transport, 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 9.* The present Agreement shall enter into force on the date of signature thereof.

DONE at Islamabad on 15 November 1974 in duplicate in the English and German languages, the two 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 Aftab Ahmad Khan—Signé par Aftab Ahmad Khan.

<sup>2</sup> Signed by Ulrich Scheske—Signé par Ulrich Scheske.

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

## LIST OF COMMODITIES

ACCORDING TO ARTICLE 1 (4) OF THE AGREEMENT OF 15 NOVEMBER 1974 BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY CONCERNING FINANCIAL ASSISTANCE

1. List of goods and services eligible for purchases by Pakistan as commodity aid up to a total value of DM 50 million (fifty million Deutsche Mark) under Article 1 (4) of the intergovernmental Agreement of 15 November 1974:

- (a) industrial raw and auxiliary materials as well as semi-manufactures,
- (b) industrial equipment,
- (c) spare parts and accessories of all kinds,
- (d) chemical products, in particular fertilizers, plant protection agents and pesticides, medicaments,
- (e) agricultural machinery and implements,
- (f) other industrial products of importance for the economic development of Pakistan,
- (g) transport, insurance and assembly services in connection with the financed importation of commodities,
- (h) consulting services and licence fees.

2. Imports pursuant to the above list should cover the widest range of goods possible. Commodities not included in this list may only be financed with the prior approval of the Government of the Federal Republic of Germany.

The importation of luxury and consumer goods and of any goods serving military purposes shall be excluded from commodity aid financing.

3. Import licences issued by the Pakistan authorities after 1 July 1974 may be set off against commodity aid, subject to the subsequent conclusion of an appropriate loan agreement.

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