

No. 16927

**JAPAN
and
MONGOLIA**

**Agreement on economic co-operation. Signed at Ulan Bator
on 17 March 1977**

Authentic text: English.

Registered by Japan on 7 September 1978.

**JAPON
et
MONGOLIE**

**Accord de coopération économique. Signé à Oulan-Bator le
17 mars 1977**

Texte authentique : anglais.

Enregistré par le Japon le 7 septembre 1978.

AGREEMENT¹ BETWEEN JAPAN AND THE MONGOLIAN PEOPLE'S REPUBLIC ON ECONOMIC COOPERATION

The Government of Japan and the Government of the Mongolian People's Republic,

Recalling that the diplomatic relations between the two countries were established on February 24, 1972, and that it was then confirmed that there was no outstanding problem to be solved between the two countries arising out of the situations which had existed theretofore,

Desiring to strengthen the friendly relations and to promote economic cooperation between the two countries,

Have agreed as follows:

Article 1. 1. The Government of Japan will extend to the Government of the Mongolian People's Republic a grant up to five billion yen (¥5,000,000,000).

2. The grant will be used by the Government of the Mongolian People's Republic for the purchase of products and services as listed below:

- (a) Products of Japan necessary for the construction of a processing plant of cashmere and camel hair (hereinafter referred to as "the plant"), including machinery, equipment and materials;
- (b) Services of Japanese nationals necessary for the construction of the plant.

3. The grant will be made available over a period of four years from the date of coming into force of the present Agreement, unless the period is extended by mutual agreement between the two Governments, and will be made available in reasonable distribution reflecting the progress of the construction of the plant.

Article 2. The Mongolian authority designated by the Government of the Mongolian People's Republic (hereinafter referred to as "the Mongolian Authority") will enter into contracts in Japanese yen with Japanese nationals or Japanese juridical persons controlled by Japanese nationals for the purchase of the products and services referred to in article 1, paragraph 2.

Such contracts shall be verified by the Government of Japan to be eligible for the grant.

Article 3. 1. The Government of Japan will execute the grant by making payments in Japanese yen to cover the obligations incurred by the Mongolian Authority under the verified contracts to an account to be opened in the name of the Government of the Mongolian People's Republic in an authorized foreign exchange bank of Japan designated by the Government of the Mongolian People's Republic or the Mongolian Authority (hereinafter referred to as "the Bank").

2. The payments referred to in paragraph 1 above will be made when payment requests are presented by the Bank to the Government of Japan under

¹ Came into force on 25 August 1977, the date of the exchange of notes by which the two Governments informed each other of its approval as provided for by their constitutional procedures, in accordance with article 6.

an authorization to pay issued by the Government of the Mongolian People's Republic or the Mongolian Authority.

3. The sole purpose of the account referred to in paragraph 1 above is to receive the payments in Japanese yen by the Government of Japan and to pay to Japanese nationals or Japanese juridical persons controlled by Japanese nationals.

4. The procedural details concerning the credit to and debit from the account referred to in paragraph 1 above will be agreed upon through consultation between the Bank and the Government of the Mongolian People's Republic or the Mongolian Authority.

Article 4. 1. The Government of the Mongolian People's Republic will assume the responsibility for the construction of the plant and take necessary measures:

- (a) To bear all the expenses, other than those to be borne by the grant, necessary for the construction of the plant;
- (b) To secure and clear a lot of land necessary for the construction of the plant, to lay on electricity and water to the said lot of land and to provide drainage facilities and steaming facilities thereto;
- (c) To ensure prompt customs clearance and internal transportation in the Mongolian People's Republic of the products provided by the grant;
- (d) To exempt Japanese nationals and Japanese juridical persons controlled by Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the Mongolian People's Republic with respect to the supply of the products and services under the grant;
- (e) To accord Japanese nationals whose services may be required in connection with the supply of products and services under the contracts referred to in article 2 such facilities as may be necessary for their entry into the Mongolian People's Republic and stay therein for the performance of their work;
- (f) To ensure through the Mongolian Authority that the products provided by the grant be maintained and used properly and effectively for the construction of the plant; and
- (g) To bear banking charges or fees arising in connection with the execution of the grant.

2. The products provided by the grant shall not be re-exported from the Mongolian People's Republic.

Article 5. The two Governments will consult with each other in respect of any matter that may arise from or in connection with the present Agreement.

Article 6. The present Agreement shall come into force upon the date of exchange of notes indicating its approval by each Government in accordance with its constitutional procedure.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed the present Agreement.

DONE in duplicate, in the English language at Ulan-Bator, this seventeenth day of March, one thousand nine hundred and seventy-seven.

For the Government
of Japan

ITARU TSUGE

For the Government
of the Mongolian People's Republic:

D. SALDAN
