

No. 18425

**FEDERAL REPUBLIC OF GERMANY
and
PAKISTAN**

**Agreement concerning financial assistance (with annex).
Signed at Bonn on 10 November 1977**

Authentic texts: German and English.

Registered by the Federal Republic of Germany on 28 March 1980.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
PAKISTAN**

**Accord d'aide financière (avec annexe). Signé à Bonn le
10 novembre 1977**

Textes authentiques : allemand et anglais.

Enregistré par la République fédérale d'Allemagne le 28 mars 1980.

AGREEMENT¹ 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 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,

With a view to expanding the assistance so far granted by the Government of the Federal Republic of Germany to the Government of the Islamic Republic of Pakistan,

Intending to contribute to 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 two Governments to raise with the Kreditanstalt für Wiederaufbau (Development Loan Corporation), Frankfurt/Main, loans up to DM 90 million (ninety million deutsche mark).

(2) The loans referred to in paragraph 1 above shall be utilized in accordance with paragraphs 3 and 4 below.

(3) Up to DM 35 million (thirty-five million deutsche mark) shall be utilized for projects to be jointly selected by both Governments if, after examination, they have been found eligible for promotion.

(4) Up to DM 55 million (fifty-five million deutsche mark) shall be utilized to meet foreign exchange costs arising from the purchase of goods and services to cover Pakistan's current civilian requirements (commodity assistance).

These supplies and services must be such as are covered by the list annexed to the present Agreement and for which import and foreign exchange licences have been issued after the entry into force of the loan agreement to be concluded pursuant to article 2 of the present Agreement.

(5) When utilizing the amount referred to in paragraph 4 above, sympathetic consideration shall be given to the requirements of enterprises established in Pakistan with German financial participation. The Government of the Federal Republic of Germany proceeds on the understanding that the Government of the Islamic Republic of Pakistan will use the rupee counterpart funds accruing from the sale of the loaned German marks for development projects.

¹ Came into force on 10 November 1977 by signature, in accordance with article 9.

Article 2. (1) The loans shall bear interest at the rate of 0.75 per cent per annum. They shall have a maturity of fifty years, including ten years' grace.

(2) The details of utilization as well as the other terms and conditions on which the individual loans will be granted shall be governed by the provisions of the agreements to be concluded between the borrowers and the Kreditanstalt für Wiederaufbau, which shall be subject to the laws and regulations 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 German marks to be made in fulfilment of the borrowers' liabilities under the agreements to be concluded pursuant to article 2 (2) of the present Agreement.

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 2 (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 participation on equal terms of transport enterprises having their place of business in the area of application of the present Agreement, and grant permits for the participation of such enterprises as required.

Article 6. Supplies and services for projects financed from the loans referred to in article 1 (3) of the present Agreement shall, unless otherwise provided for in individual cases, be subject to international public tender.

Article 7. With regard to 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 of the date of entry into force of this Agreement.

Article 9. The present Agreement shall enter into force on the date of signature thereof.

DONE at Bonn on November 10, 1977, in duplicate in the English and German languages, both texts being equally authentic.

For the Government
of the Islamic Republic
of Pakistan:

[Signed — Signé]¹

For the Government
of the Federal Republic
of Germany:

[Signed — Signé]²

[Signed — Signé]³

ANNEX TO THE AGREEMENT OF NOVEMBER 10, 1977, 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 financing from the loan up to a total value of DM 55 million (fifty-five million deutsche mark) under article 1 (4) of the Agreement of November 10, 1977:

- (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, pesticides, medicaments;
- (e) Agricultural machinery and implements;
- (f) Other industrial products important for Pakistan's development;
- (g) The costs, also in local currency, of transport, insurance and assembly arising in connexion with the importation of goods financed under the present Agreement;
- (h) Consulting services and licence fees.

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

The importation of consumer goods for personal needs, especially luxury goods, as well as any goods and facilities serving military purposes, may not be financed from the loan.

¹ Signed by Sarfraz Khan Malik — Signé par Sarfraz Khan Malik.

² Signed by Lahn — Signé par Lahn.

³ Signed by Klamser — Signé par Klamser.